FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,595 Saturday October 10 1981

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 30; DENMARK Kr 6.00; FRANCE Fr 4.50; GERMANY DM 2.0; ITALY L 1000; NETHERLANDS Fl 2.25; NORWAY Kr 6.00; PORTUGAL Esc 50; SPAIN Pta 75; SWEDEN Kr 6.00; SWITZERLAND Fr 2.0; EIRE 42p; MALTA 25c

NEWS SUMMARY

GENERAL

Thatcher seeks to end Tory anxieties

Prime Minister Margaret Thatcher began the search for a formula to end the growing disarray among Conservative MPs while maintaining the economic strategy.

She discussed with senior colleagues ways to boost party morale and restore unity before next week's Blackpool conference.

The sense of unease at the Government's performance goes beyond senior dissidents such as Edward Heath and Geoffrey Rippon. Whips have also found concern expressed by MPs in the centre of the party. Back Page

Plea to Taiwan

Chinese Communist Party chairman Hu Yaobang stepped up attempts to reunite China and Taiwan by inviting the island's leaders to visit their homeland. Page 2

Prize shared

Two Americans and a Swede shared the 1981 Nobel medicine prize for discoveries about brain functions. Page 2

Apartheid option

South Africa gave sports clubs the right to ignore apartheid laws restricting membership.

Verdict quashed

Appeal court cleared Daniel Gowan, a 52-year-old car dealer jailed in 1979 for 25 years on charges of robbery and conspiracy to rob.

Train fire award

High Court awarded £120,000 damages to the family of one of the 11 killed in a fire on a London-Penzance night train in 1978.

Drugs battle

Troops clashing with 700 armed tribesmen stopped a mule train laden with drugs entering Thailand and from Burma.

Storm kills 65

Tropical storm Lydia killed at least 65, flooded two dams, and swamped lowlands along Mexico's north Pacific coast.

Gold share-out

British and Soviet officials met in Murmansk to share gold ingots worth about $76m (£40m) salvaged from the HMS Edinburgh.

Bellamy's £90,000

The naturalist Dr David Bellamy plans to start a conservation foundation after receiving £90,000 of industrial sponsorship.

'Dangerous' game

The makers of Osiris, a new fortune-telling game, dismissed claims by two psychiatrists that it could lure the unsuspecting into dabbling with the occult.

Briefly . . .

World chess champion Anatoly Karpov beat Victor Korchnoi in the fourth game of their championship series.

Four Iranian consulate officials in Hamburg sought political asylum.

China will help build a 60,000-seat sports stadium in Salisbury, Zimbabwe.

BUSINESS

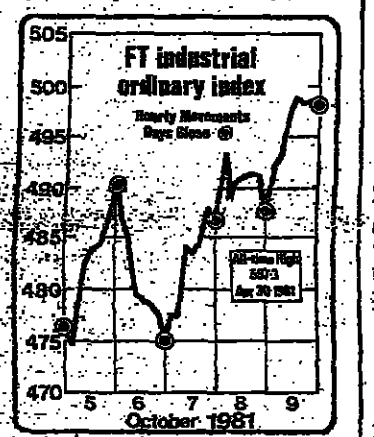
Dollar slumps; Equities firm

● DOLLAR slumped to DM 2.189 (DM 2.2045), SwFr 1.8375 (SwFr 1.865), FFr 5.4975 (FFr 5.5275) and Y226.5 (Y228.25). Its trade-weighted index fell to 106.4 (107.2). Page 25

● STERLING rose slightly to $1.901 ($1.90), but fell to DM 4.165 (DM 4.19), SwFr 3.495 (SwFr 3.545) and FFr 10.445 (FFr 10.5). Its trade-weighted index closed at 89.4 (89.8). Page 25

● GOLD rose $7 in London to $453. In New York the Comex October close was $448. Page 25

● EQUITIES closed the fortnightly account on an extremely firm note, influenced by lower international interest rates. The FT 30-share index closed 10.5 up at 498.2 Page 26



● GILTS: the Government Securities Index gained 0.7 to 62.29, for a rise on the week of 1.69, its best weekly advance for over a year. Page 26

● WALL STREET closed 4.76 down at 873.78. Page 22

● UK COAL may be exported to Japan for the first time in 50 years. Page 3

● NORWAY has approved a $3.2bn (£1.7bn) North Sea oil and gas development. Page 2

● QUEBEC GOVERNMENT is taking over Asbestos Corporation, Canada's second largest fibre producer. Page 23

● PARIBAS, the French international banking and investment group facing nationalisation, was considering a takeover offer for Banque de Paris et des Pays-Bas Suisse. Back Page

● LONRHO is poised for a complete takeover of Princess Properties International, the Bermuda-based hotel company. Page 20.

COMPANIES

● PERSTORP, the Swedish chemicals and plastics group, had a drop in pre-tax earnings to SKr 83m (£8.15m), a fall of SKr 26m in 1980-81. Page 23

● MOLINS, the machinery maker, made lower pre-tax profits of £3.3m (£4.7m) in the first half of this year. Page 20

● MINSTER ASSETS, the Lloyd's underwriting and insurance group, increased taxable profits to £3.6m (£2.23m) in the first half of 1981. Page 20

● W. CANNING, the chemicals, metals and electronics group, reported lower taxable profits of £210,000 (£1.01m) for the first half of this year. Page 20

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Allen Harvey Ross	285	+ 15
Bishop's Stores A	112	+ 16
Britannia Arrow	51½	+ 5½
Caffyns	136	+ 10
Courtney Pope	41	+ 9
Courts A	86	+ 8
FNFC	31	+ 3
Finlay (James)	85	+ 7
GEC	700	+ 12
Glaxo	396	+ 14
Granada A	220	+ 16
GUS A	410	+ 12
GKN	163	+ 11
ICL	43	+ 3
ICI	268	+ 8
Hill Samuel	144	+ 8
Linfood	172	+ 20
Mining Supplies	110	+ 8
Molins	154	+ 6
Phoenix Timber	102	+ 7
Racal Electronics	425	+ 13
Reckitt and Colman	284	+ 12
Scotcros	108	+ 11
Scottish TV A	77	+ 9
Seccombe Marshall	240	+ 20
Thorn EMI	450	+ 18
KCA Intnl	142	+ 16
LASMO	520	+ 15
Ultramar	475	+ 22
Charter Cons	244	+ 12
Cons Gold Fields	505	+ 20
Hemerdon Mining	62	+ 8
Otter Exploration	62	+ 7
RTZ	515	+ 25
St Helena	£20	+ 1
Western Hldgs	£33¼	+ 1½
FALLS		
Argyll Foods	86	− 5
Reed Executive	31	− 5
Tube Invs	108	− 4

BL shop stewards call for all-out pay strike at car plants

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL CARS' senior shop stewards voted unanimously yesterday to call an all-out strike from November 1 in spite of fears of imminent plant closures and redundancies.

The company has called national union officials to a meeting in London on Monday at which details are expected to be announced of the planned closure of Coventry Engines, with the loss of 1,500 jobs, and the Speke, Liverpool, plant, which produces body pressings for the Mini and other models. Some 900 jobs are expected to go there.

Several other small plants are thought to be as risk as BL continues its pattern of retrenchment.

BL seems likely to warn the unions at Monday's meeting that the company's position is fragile and any sustained industrial action could put the whole future of the cars division in jeopardy.

The 350 stewards gathered in Coventry yesterday were clearly aware of the risks, but thought the company's 3.8 per cent pay offer was "dastardly," according to Mr Grenville Hawley, national automotive secretary for the Transport and General Workers' Union.

Union officials undoubtedly take seriously the company's warnings but believe unrest about BL's non-negotiable 3.8 per cent offer is such that they must give a lead.

BL's tough negotiating stance again yielded benefits yesterday when a strike by 650 workers at Cowley, Oxford, collapsed after a management warning that they would be dismissed unless they returned to work on Monday.

A rowdy mass meeting voted two-to-one to end a week-long dispute over non-payment for time lost because of a stoppage at a neighbouring plant. The dispute had halted production of the new Triumph Acclaim, produced by BL in association with Honda of Japan.

Mr David Buckle, Oxford district secretary of the TGWU, said: "Workers have been bludgeoned into submission. Such management action can only store up bitterness which will erupt in the future."

The apparently minor cause of the dispute at Cowley is cited by union officials as evidence of shop-floor unrest about pay and conditions. The call for a national strike will be put to mass meetings at all 30 car plants next Friday.

Those meetings could once again expose the divisions between the trade unions—and between plants. Factories such as Speke and Coventry Engines, where the risk of closure is real, are unlikely to want to jeopardise redundancy pay by militant action.

The 2,000 workers at Rover Cars, Solihull, which is scheduled to close, have already refused to join any strike. At Jaguar, Coventry shop stewards submitted a lower pay claim in recognition of the loss of jobs they have suffered over the past 12 months and the need to make the company viable.

Most opposition appears to be coming from the biggest plants at Longbridge, Birmingham. But the 15,000 workers there have seen earnings increase in recent weeks under the company's self-financing incentive scheme. According to BL, bonus earnings average more than £11 a week across the company.

Mr Hawley made it clear last night that the unions did not seek a damaging confrontation with the company and would be available for talks at any time to improve the offer.

White-collar workers at Vauxhall Motors factories have called off an overtime ban and other industrial action after the company agreed to discuss union proposals for saving jobs through staff reductions and early retirements. The unions had threatened to step up industrial action after the company said it needed more than 300 compulsory redundancies at Luton, Dunstable and Ellesmere Port.

Ford told unions yesterday that its profits would be significantly worse than last year's and indicated that it would make a pay offer linked to productivity. Unions submitted a claim for rises in excess of £20 a week. *Page 3*

SDP plans inflation tax

BY ELINOR GOODMAN AND PETER RIDDELL

THE SOCIAL DEMOCRATS ended their six-day conference yesterday claiming to have prepared for power by drawing up a policy agenda and cementing their alliance with the Liberals

Mr Roy Jenkins, who has emerged this week as the person most likely to become the leader at Westminster, yesterday unveiled proposals for an inflation tax which the SDP would make a central plank of its economic strategy.

The idea, aimed at getting away from both rigid centralised pay policies and a strict reliance on monetary policy, is to use the taxation system to penalise employers who give pay increases above a figure laid down by the Government after consultation with employers and unions.

Mr Jenkins was speaking at the end of a conference during which the SDP has, in its travels around Britain, produced tangible evidence of its claims to be a real threat to the main parties. During the week five new MPs joined the party, bringing the total to 21, and 4,000 members endorsed their leaders' strategy. Yesterday, the conference in London gave Mr David Steel, the Liberal leader, a rapturous welcome as evidence of their support for the principle of alliance with the Liberals.

However, leaders of both parties are obviously aware that the alliance could be severely undermined by bickering and yesterday, in what was an otherwise heady atmosphere, Mr Steel, Mr Bill Rodgers and Mrs Shirley Williams all warned of obstacles ahead which could give the impression that the alliance was breaking down.

Mr Steel, who has had praise heaped on him by the SDP leadership throughout the week, showed just how determined he was to make a go of the alliance. He rebuked Mrs Williams for the insensitive way in which she announced her decision to stand in the Crosby by-election and also hit out at members of his own were essentially the SDP's party for interfering in what affairs.

Mrs Williams also introduced some reprimands. She hit out at the SDP member who had circulated a fly-sheet urging members to "monitor" every SDP leader on the issue of one member one vote and "alert the membership if they deviate."

Despite some signs of problems ahead with the Liberals in certain constituencies, and indications that the SDP leadership may reject some parts of the proposed constitution, the conference ended with members in a self-confident mood.

Mr Rodgers claimed that the SDP had shown itself to be "a party of power not protest." He challenged Mrs Margaret Thatcher to hold an election to test the support for her policies in the country.

Conference reports, Page 4; Thatcher seeks unity formula, Back Page

Argyll bids £87m for Linfood Holdings

BY RAY MAUGHAN

ARGYLL FOODS, headed by Mr James Gulliver, is using the 20 per cent stake it acquired last month in Linfood Holdings as the stepping-stone for a full bid. The combination would create one of the country's largest food retailing and distribution groups.

The offer — described by Linfood yesterday as "unsolicited and unwelcome" — values the whole group at £87m on the basis of Argyll's ordinary and convertible preference share terms. The bidder is also offering a cash alternative at 170.9p per share, which values Linfood at £85.7m.

Argyll acquired its holding in Linfood at 139p per share from Guinness Peat, the trading and banking group, in a move preceded by the resignation of Lord Kissin—Guinness Peat's president—as chairman of Linfood at the beginning of September and followed by the departure of its four other non-executive directors, each of whom was associated with Guinness Peat.

Mr Alec Monk, Lord Kissin's successor as chairman of Linfood, is recommending shareholders to "take no action on the offer and in particular not to sell their shares in the market."

Argyll's sales are currently running at about £250m annually but, if the offer is successful, the merged group would be turning over about £1.25bn.

Mr Gulliver believes that Argyll would be comparable with J. Sainsbury with sales of £1.6bn in the year to March and Associated Dairies which reported a turnover of £1.1bn, excluding carpets and furniture, in the financial year which ended last March. Tesco's annual sales were £1.9bn last year.

Shares in Argyll dropped 5p yesterday to 86p, while Linfood gained 20p to 172p.

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UK to get part of big Brazil ship order

By Andrew Whitley in Rio de Janeiro

BRAZIL is to place orders with West European shipyards for specialised cargo vessels worth up to $400m (£210m). A substantial part of the work will go to the UK.

The ships will also be built in France and Portugal. Agreement on financing is expected on the visit to all three countries later this month by Sr Antonio Delfim Netto, Brazilian Planning Minister.

Essential to the implementation of the planned orders is the provision of total external financing through a mixture of government export credits, supplier credits and Eurodollar loans.

In Britain's case the purchase of four or five container and roll-on, roll-off vessels costing between £80m and £85m is envisaged,

The Brazilian authorities are proposing a goverment level understanding on the ain principles of the deal, leaving final negotiations to the state-owned British Shipbuilders an private Brazilian shipowners.

However, both countries are making a clear link—although for different reasons—between this package and another on which discussions are at an advanced stage. This is to provide about £155m-worth of equipment and financing for Sunamam, the supervisory body of Brazil's merchant marine and shipbuilding industry.

A top planning ministry official said yesterday: "We don't want to start a new package with the British banks if we haven't concluded the first."

In July, Lloyds Bank International was given a mandate to organise the Sunamam financing and, according to the Brazilian official, a firm protocol will be signed in London during Sr Delfim's visit.

Common rate mortgage plan

BY ANDREW TAYLOR

THE FIRST move by a building society to introduce a common mortgage rate for all new home loans, including larger ones, is expected to be announced next week. Yesterday, building societies raised the recommended mortgage base rate by two percentage points to 15 per cent. Some banks also raised their home loan rates.

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Woolwich Equitable Building Society is expected to announce next week that it is to introduce a standard mortgage of 15 per cent for all new home loans. The Woolwich, like other societies, presently charges higher rates of interest for larger loans, starting at about £15,000.

The new deal is likely to take effect at the beginning of next month. It is not yet clear what effect the scheme will have on existing borrowers with the Woolwich.

It is also not clear what impact the move may have on other major building societies.

Halifax, the country's largest building society, has said that it would support in principle measures to scrap differential mortgage rates for higher loans. Abbey National, however, has indicated that it would not favour such a move.

Societies are facing strong competition from the clearing banks for mortgage lending. Lloyds, Barclays, National Westminster, and Williams and Glyn's already offer a standard rate for all home loans.

Yesterday's decision by the
Continued on Back Page

GROSS MONTHLY REPAYMENTS OVER 25 YEARS

	Interest rate	£10,000	£15,000
Building societies	15 %	£129.00	£192.50
Barclays	15½%	£130.40	£195.60
Lloyds	15 %	£126.60	£189.90
Midland	18 %	£148.88	£223.33
Nat West	15 %	£128.92	£193.38
Williams & Glyn's	15 %	£126.15	£189.23

The discrepancy between some monthly repayments on similar rates is caused by different systems of calculating interest charges.

Welcome for tap stock

BY DAVID MARSH

HOPES of falling interest rates yesterday allowed the Government to launch on a firm gilt-edged market a £1bn tap stock, its first conventional long-dated issue for 10 months.

Amid growing hopes that Britain's clearing banks will be able to cut their 16 per cent base rates next week, London money market interest rates fell again in line with this week's general waning of credit market pressures in New York and other financial centres.

Aided by the firmness of sterling, sentiment on the London financial markets has swung round completely during the last few days after the previous week's gloom.

One of the reasons has been the assassination of President Sadat, which has added to Middle East oil worries and—in view of Britain's North Sea oil—has boosted demand for sterling.

The pound remained firm against the dollar yesterday closing up 0.1 cents from Thursday at a three-month high of $1.9010, making a gain of 8 cents on the week. At one point yesterday it touched $1.92.

It fell slightly however against Continental currencies which firmed generally against the dollar. The pound finished at 89.4 (89.8) according to the Bank of England index.

The new stock, 15 per cent Exchequer 1997, will go on sale
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Borrowing nearer target, Page 3; Editorial comment Page 18; money markets, Page 25; Lex Back Page

OVERSEAS NEWS

Peking invites Taiwanese leaders home

BY KEVIN RAFFERTY IN HONG KONG

HU YAOBANG, the Chairman of the Chinese Communist Party, yesterday stepped up attempts to reunite China and Taiwan by issuing a personal appeal to President Chiang Ching-Kuo and other Nationalist leaders to visit their homeland again.

In an attempt to touch the emotions of Chinese who have been living in exile for more than 30 years on the island, Hu said: "In my capacity as a leading member of the Communist Party I invite Chiang Ching-Kuo and people in all walks of life in Taiwan to visit the mainland and their native places."

He told a rally of 10,000 people in the Great Hall of the People in Peking that there would be no conditions attached. "It would be good if they wanted to talk to us, but they are also warmly welcome if they do not want to talk."

Hu's speech was the culmination of a stepped-up campaign to get talks started between the former enemies. In 1949 when the Communists took over in China, the Nationalists, led by Chiang Kai-Shek, President Chiang's father, fled to Taiwan.

The régime in Taipei still regards itself as the legitimate government of China and styles itself Taiwan, the Republic of China, though it rules fewer than 18m people compared with the 1,000m ruled by the Communists on the mainland.

At the end of last month, Marshal Ye Jianying, China's de facto Head of State, set out terms on which China and Taiwan could get together again. He offered the Nationalists a role in the leadership of a united China and promised that Taiwan would have internal autonomy as a "special administrative region." It would be able to keep its own army and its own way of life with respect for private property inheritance rights, and foreign investments.

If that was an appeal to the minds, yesterday on the eve of the 70th anniversary of the overthrow of the old Chinese empire by Dr Sun Yat-Sen, Peking tried to appeal to the hearts of the nationalists.

Hu mentioned many leading nationalists by name, including Premier Sun Yun-Suan and Madam Soong Mei-ling, the widow of Chiang Kai-Shek. He also promised that the ashes of Chiang Kai-Shek could be taken back to China and reburied in his family tomb.

Hu presented the Communists as generous saying: "What is most important, most reliable and most powerful is the great patriotic duty of the 1,000m people of our own country." He said: "It is understandable for a certain distrust to exist as a result of long-time separation. But if we do not come into contact and talk things over, how can we remove the barrier and build up mutual trust?"

Foreign observers say China is trying to take the initiative in the diplomatic campaign to present Taiwan as churlish if it continues to refuse to talk and even to accept exchange of mail, trade and communications.

President Chiang said this week there can be no talks until Peking abandons Communism and abides by the three principles of the people as enunciated by Dr Sun who is revered by both sides. The principles are nationalism, democracy and social well-being.

Another object may be to from selling advanced aircraft dissuade President Reagan and other weapons to Taiwan. Chairman Hu warned outsiders to stay clear. "The question of Taiwan is entirely China's internal affair. It should be settled by the leaders and people on both sides of the Straits."

The day for the appeal was carefully chosen. October 10 used to be China's national day before the Communists took over and is still celebrated as national day in Taiwan.

In Taipei, a spokesman said the Government was studying the invitation but gave no hint that it would be accepted.

Prize winners Torsten Wiesel (top) and David Hubel talk to well-wishers

Norway gives the go-ahead for $3bn oil project

BY FAY GJESTER IN OSLO

THE Norwegian Government has given the go-ahead for the $3.2bn (£1.7bn) development of oil and gas in one of the richest areas of the North Sea.

Authorisation for the initial exploitation of the so-called "golden block"—34/10—was one of the final acts of the Labour Government which steps down on Monday. The licence holders are exclusively Norwegian—Statoil, the state oil corporation, with an 85 per cent stake, Norsk Hydro (9 per cent) and Saga Petroleum (6 per cent).

Statoil is to be operator on the block. The company said yesterday it hoped Norwegian firms would win about 75 per cent of the development contracts.

A foreign oil company will act as technical assistant in the development phase but the choice of company is being left to the incoming Conservative Government. Observers predict it is likely to be either Esso—which has acted as Statoil's technical assistant during the exploration period—or Mobil, the operator on the Anglo-Norwegian Statfjord Field, where Statoil has the largest single stake.

The first stage of the golden block development will tap the Delta East structure, believed to contain recoverable reserves of around 170m tonnes of oil and 20bn cubic metres of gas.

Two platforms will be used, with two loading buoys for oil. The gas will be routed to Norway and then the Continent via the Statfjord field and a planned new gas-gathering line.

One of the rigs will be completed in 1987 and the other in 1989.

Production start is scheduled for summer 1987, from an integrated drilling, accommodation and processing platform with an annual output capacity of 10m tonnes of oil and 1bn cubic metres of gas.

Two years later the field's second platform—equipped only for drilling and accommodation—will come on stream. Since it will use the processing facilities of the first, it will not increase overall output capacity. Instead it will prolong the period at maximum production—the so-called "production plateau."

UK told to lift rules on poultry

By Larry Klinger in Brussels

BRITAIN WAS yesterday told to remove its new poultry and egg hygiene rules, which effectively ban imports of these products, or face being prosecuted in the European Court.

The so-called turkey war broke out at the end of August when Britain introduced strict health rules, which were generally interpreted as a ploy to shut out cheap French poultry following complaints by British producers that unfairly subsidised French production threatened to drive them out of business.

The European Commission this week rejected British arguments that the rules did not contravene EEC law guaranteeing the free movement of agriculture produce and despatched a letter to London yesterday, giving Britain five working days in which to remove its import ban, effectively setting a deadline for next Friday.

U.S. funeral delegation arrives in Cairo. From top: Dr Henry Kissinger, former Secretary of State; ex-Presidents Gerald Ford (left) and Richard Nixon; a security man and former President Jimmy Carter with his wife Rosalyn.

Asyut still tense as security forces end Moslem resistance

BY CHARLES RICHARDS IN ASYUT

SPORADIC FIRING continued in Asyut yesterday as security forces mopped up the last pockets of resistance by Moslem fundamentalists.

This followed Thursday's battles after the mosque morning prayers in which small groups attacked two police stations and the security headquarters, now bullet-marked. In the initial attacks, six Moslem fundamentalists were killed and four wounded, while 14 policemen died and 40 were injured.

The death toll is reported to have risen since to 40, as a result of snipers on rooftops.

The fighting constituted the most significant breakdown of order involving Moslem fanatics—apart from the assassination of President Sadat—since he clamped down on Moslem fundamentalists last month. The high police toll is attributable to the fact that they were armed solely with staves and shields, while only four of those attacking were hurt, including their leader, Mr Assam Abdel-Meguid.

The situation in Asyut, a stronghold of fundamentalists and with a population of 250,000 some 250 miles south of Cairo, has remained tense, with frequent road-blocks and checkpoints, and pedestrians raising their hands above their heads as they approach them.

Ihsan Hijazi writes from Beirut: The Palestine Liberation Organisation (PLO) has confirmed that one of its senior officials was assassinated in Rome on Thusday night. He was Mr Majed Abu Shrar, head of the PLO's information department.

Mr Abu Shrar, 36, was also a member of the central committee of the mainstream Palestinian guerrilla group, El Fatah.

An anonymous caller telephoned newspaper and wire service offices here in Beirut claiming a Fatah breakaway faction calling itself Al Asifa was responsible for the assassination.

Nobel Prize winners announced

By William Dullforce, Nordic Editor, in Stockholm

TWO AMERICANS and a Swede share the 1981 Nobel Prize in medicine for discoveries about the functioning of the human brain. Half the SKr 1m (£98,000) prize goes to Professor Roger Sperry of the California Institute of Technology, and the other half is divided between Professors David Hubel and Torsten Wiesel, both of the Harvard Medical School.

Professor Sperry, 68, wins his award for research into the "functional specialisation of the cerebral hemispheres," according to yesterday's citation from the Nobel assembly at the Karolinska Institute.

He demonstrated the different functions performed by the left and right halves (hemispheres) of the brain. The left deals with speech, writing and mathematical calculations. It is analytical, more aggressive, and leads in controlling the body's nervous system.

The right half has greater capacity for concrete thinking, spatial consciousness, and understanding complex relationships. It comprehends music better.

The differences demonstrated by Sperry have led to the hypothesis that the left side of the brain dominates in thinkers and the right side in artists.

Professor Hubel, 55, and Professor Wiesel, 57, showed how the brain deals with visual images. Previously it was thought an image was transferred point by point from the retina of the eye to centres in the brain.

The two Harvard researchers demonstrated that the image undergoes step by step analysis in a system of nerve cells stored in columns in the brain's visual cortex.

They found that the cortex's ability to interpret the code of messages from the retina develops directly after birth. It is thus important for a newborn baby's brain to receive a rich variety of visual stimuli.

France nationalises top steel companies

BY TERRY DODSWORTH IN PARIS

FRANCE'S two big steel companies, Usinor and Sacilor, were brought under State ownership yesterday as the first measure in the Government's nationalisation programme.

Deputies in the National Assembly voted overwhelmingly in support of the Government. The step had lost much of its piquancy, however, because of the State's already dominant role in the steel industry.

The real parliamentary struggle over nationalisation begins next week, when the Bill bringing five of France's biggest industrial companies and the leading banks into the public sector is debated.

Nationalisation of the two steel companies is being pushed through by converting existing Government loans into capital. This process will give the State about 95 per cent of the two groups, which together account for some 80 per cent of French steel production.

Over the post-war period it is calculated the State has put about FFr 40bn (£3.8bn) into the steel companies. Its dominant position was achieved in 1978, when FFr 13.8bn of public funds were injected in a rescue plan which M Laurent Fabius, Budget Minister, attacked yesterday as "the biggest financial scandal since the Panama affair." A reference to the late 19th century French Panama Canal construction project which ended in enormous bankruptcy and political scandal.

As a result of this rescue, well over 20,000 jobs were cut in the industry, which now employs about 105,000.

During the debate, M Pierre Dreyfus, the Industry Minister, sounded a cautious note about the industry's future. European companies had not achieved productivity levels of their most efficient competitors, while the prospects of market growth remained limited.

The French companies must modernise, reorganise and innovate to maintain their position on world markets, he said.

No detailed plans have been formulated for the industry in the post-nationalisation period. M Pierre Mauroy, the Prime Minister, has said he is to call together employers, unions, the administration and parliamentary representatives to discuss developments.

One proposition to be debated will be for closer co-operation between the two French groups, although the Government clearly has put aside for the moment proposals for a merger.

Spanish call to drop oil ban

By Our Brussels Staff

SPAIN is to ask the Italian authorities to end their ban on Spanish olive oil imports. The ban was imposed on October 2 as a result of the cooking oil scandal which has killed 150 Spaniards.

Sr Francisco Sensat, president of the Spanish Olive Oil Producers Association is in Brussels to launch a European campaign to reassure traditional users of Spanish olive oil that there is no danger from his association's products.

He refused to be drawn yesterday on whether Italian policy might be designed to protect Italian producers from competition.

Spanish olive oil exports dropped by 66 per cent in the three months of June-August from last year's levels. On the other hand, Sr Sensat said, brand-name olive oil sales in Spain had increased since it had become clear that it was cheap unbranded products that were responsible for the "toxic syndrome" disaster.

Sr Sensat said the deaths and illnesses have been officially attributed to denatured rapeseed oil imported into Spain for industrial use, which was then reprocessed and sold fraudulently as olive oil.

The International Olive Oil Council confirmed that olive oil was completely unrelated to the poisonings. Sr Sensat said Spanish olive oil exports were stringently inspected

Official details of how Sadat died

CAIRO—The Egyptian Defence Ministry yesterday issued its first detailed statement on the assassination of President Sadat.

It revealed the name of the first lieutenant accused of plotting and carrying out the murder — Khaled Ahmed Shawky El-Istambouly — and confirmed unofficial police reports that he is the brother of a member of the illegal Moslem Fundamentalist group, Takfir Wal Higna, who was arrested in the Government crackdown last month. The group was responsible for the murder of an Egyptian minister in July.

Here are excerpts from the statement:

"A few days before the parade, the units participating gathered near the parade grounds to rehearse. One of the artillery units scheduled to join this year was under the command of First Lieutenant Ahmed Shawky El-Istambouly, brother to one of those detained recently as a member of the Takfir Wal Higra group.

"The officer took advantage of his command, and blinded by black hatred, agreed with three other misguided youths to join in the crime, and arranged for them to ride in the truck placed under his command, in military uniforms.

"On the day of the parade, the Lieutenant granted leave to three of the regular crew manning the truck, and told his superiors they were ill and that he had replaced them by reservists for the parade to complete the crew.

"These accomplices were thus given the arms the original crew members would have held.

"Regulations forbid the troops participating in the parade to carry any ammunition, to avoid any mistakes. But the traitors managed to get some bullets, hand grenades and smoke bombs, from outside the Armed Forces supplies.

"Just before the unit moved to join the parade, First Lieutenant Khaled distributed the ammunition and the grenades to his accomplices, and kept some for himself.

"When the truck arrived at the main grandstand, Khaled, who was riding near the driver, ordered him to stop and threatened to kill him if he did not. When the driver hesitated, the Lieutenant pulled the hand brake, and when the truck stopped he got out.

"The three others, riding in the back, followed him. At first everybody thought the truck had stalled and they were getting out to push it, but in no time these treacherous criminals were throwing their grenades and firing at the main grandstand.

AP

200,000 to march in Bonn nuclear protest

BY ROGER BOYES IN BONN

ABOUT 200,000 anti-nuclear demonstrators are expected to march through the streets of Bonn today in the largest popular protest since World War II.

The demonstration, which has sparked a row within the ruling Social Democratic Party, illustrates how rapidly the so-called "peace movement"—a loose collection of Left-wing supporters, churchmen and ecologists—has grown over the past six months.

When the protest was registered at the end of August, police were expecting 50,000 in the march. Now police are estimating 200,000.

In a noisy Parliamentary debate on the demonstration yesterday, Chancellor Helmut Schmidt made it clear he was unhappy about leading Social Democrats taking part in the protest. About 15 SPD deputies have said they will take part and Herr Erhard Eppler, a member of the SPD National Executive, is due to address the meeting.

The Government has two main worries. First, it believes the demonstration might be turned into an anti-American rally, urging the scrapping of U.S. missiles while ignoring the Soviet military build-up.

This would be a further irritation to German-U.S. relations and would be a direct attack on Bonn's policies which support the stationing of new U.S. Cruise and Pershing missiles on German soil as well as parallel arms control talks with Moscow.

Second, the Government fears the demonstration may become violent, as many recent protests have done in Berlin, and that young Social Democrats will end up fighting shoulder to shoulder with Communists against the police.

In a speech to the SPD last week, Chancellor Schmidt stressed that the "Communists are our main enemy" and that the SPD had to make a clear demarcation.

Herr Willy Brandt, chairman of the SPD, lays quite a different emphasis on the way the demonstration should be treated, as was evident in yesterday's debate. While he urges the party members not to become involved in any violent outbursts, he has firmly resisted any idea of banning SPD deputies from the march.

The differences between Herr Schmidt and Herr Brandt are at the heart of the current policy problems.

Bonn stalls steel cash request

By Roger Boyes in Bonn

THE WEST GERMAN Government, under pressure to give more subsidies to the steel industry, has countered a request for assistance from Krupp and Hoesch by demanding that they submit proposals on future market co-operation and investment plans.

Krupp-Stahl and the Dutch-German Estel-Hoesch have been discussing ways of sharing the market for certain products and avoiding overlapping production and sales because of the pressure on the European steel markets. Both have been making substantial losses and the North Rhine-Westphalia state government has been concerned about further large-scale unemployment.

Krupp-Stahl has asked for a credit guarantee for DM 260m (£62m) that it stresses will be used to finance an investment programme. According to Government estimates between 1982 and 1987 Estel-Hoesch will need DM 3.8bn to DM 4.5bn in subsidies.

Bonn has declared itself prepared in principle to supply the finance but needs an analysis of how the money is to be used. The departure from its policy of opposition to subsidies was signalled this summer with the special investment aid programme for the steel industry.

It is unclear whether the Government would like to see a merger between the West German half of Estel-Hoesch and Krupp. The financial assistance required would probably outweigh the ultimate gain in productivity and efficiency.

On the other hand, local government fears of concentrated unemployment in the Ruhr would no doubt be calmed.

In an interview published yesterday Mr Jan Hooglandt, the chairman of Estel, said his company was willing to talk to Bonn about setting up a new steel concern in the Ruhr, in which Krupp and Hoesch would be major shareholders. This in effect would be a merger.

U.S. threat to revive dumping suit

By David Buchan in Washington

THE U.S. Steel Corporation, the country's largest steel maker, is threatening to revive its suit alleging unfair trade practices by foreign steel producers as a measure of its frustration that Government "trigger" prices are failing to keep cheap imports from taking a growing share of a weak market.

In a meeting with the congressional steel caucus, that groups some 200 legislators with steel interests in their districts, Mr David Roderick, the head of U.S. Steel, warned this week that his company was keeping the dumping suit it withdrew last year "up to date." It was also preparing a complaint alleging subsidisation of steel exports by foreign governments.

Mr Roderick's warning was seen largely as saber-rattling to put pressure on the Reagan Administration to tighten its trigger price system that is supposed to provide an alert against dumped imports.

The Administration has not raised trigger prices this autumn to the domestic industry's satisfaction, although it promised this week to crack down on U.S. buyers of foreign steel using foreign purchasing offices to get around the trigger prices.

Imports rose sharply in August, while layoffs have been increasing and output declining in the domestic steel industry. The congressional steel caucus has sent a letter to President Reagan, asking for urgent discussion of the deteriorating situation in the industry and possible legislative remedies.

The rise in imports is attributed by many observers to the dollar's recent strength against the European currencies, but the U.S. industry puts part of the blame on an ineffective trigger price system.

Michelin to fight EEC fine

By Charles Batchelor in Amsterdam

MICHELIN, the French tyre company will appeal to the European Court against a $700,000 (£365,000) fine imposed by the European Commission for alleged malpractices in the Dutch market.

The claim that the company has a dominating position in the Netherlands does not reflect market realities, Michelin Nederland said. By qualifying as "abusive" practices that are universally accepted in the tyre trade, a single company has been handicapped severely with regard to competitors.

The company uses the same methods to sell tyres in other European countries and finds it difficult to understand why the Commission has singled out its Dutch operation.

Michelin believes it is market leader in commercial vehicle tyre sales in the Netherlands, although its position for motorcycle and car tyres is unclear. More than than 40 manufacturers sell car tyres, while 15 to 20 are active on the commercial vehicle market.

The crash of a Fokker F-28 airliner on Tuesday with the loss of 17 lives was probably caused by air turbulence which broke off one of the aircraft's wings, the Transport Ministry said.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y., and at additional mailing centres.

Joy ride a joy forever . . . with luck

BY DAVID LASCELLES, RECENTLY IN SAN FRANCISCO

EXACTLY A year from now the mighty wheels in the power house will slow to a halt and the clanking cars and whirring cables will be stilled. San Francisco's best attraction will disappear from the streets.

For two years at least, the city's picturesque but decrepit cable car system will undergo its most extensive overhaul since it was installed more than 100 years ago—a rescue plan that will do as much to keep San Francisco on the move as save what has been described as the U.S.'s only moving monument.

The rescue will mark the climax of a long struggle by conservationists to save the system from collapse and from the city planners' bulldozers.

San Francisco's cable cars are the only survivors of a type of city transport that flourished in the latter part of the last century, not only in the U.S. but in Paris, Lisbon, London, Birmingham and Glasgow. While cable cars fell victim to progress elsewhere. San Francisco's not only survived in 1906 the worst earthquake ever to hit a U.S. town, but also proved that they were a match for anybody when it comes to hauling humankind up and down steep hills. Now their picturesqueness has secured them near immortality in the world of mass transit.

The system is simplicity itself. A single power house on top of Nob Hill, a sharp promontory in the centre of San Francisco, where the four cable car routes cross, drives a massive cable system. Each route has a huge able loop (two short lines share one loop) which runs under the road between the tracks at a steady 9 mph.

The cars have arms which reach down through a slot in the road to grip the cable. The driver—or gripman—operates a huge lever which opens and closes the grip, and another which works the brakes. He has complete control over the movement of his car. The skill lies in judging the right moment to grab or release the cable.

The systems Heath Robinson appeal, which any visitor can savour by touring the power house with its ancient whirring machinery, has its drawbacks. The wear on the grips is so great that the ties inside them have to be changed every four days. Brakes last little longer. Cables have a useful life of less than a year and have to be replaced in a complicated all-night manoeuvre. Cables alone cost more than $100,000 (£52,630) a year.

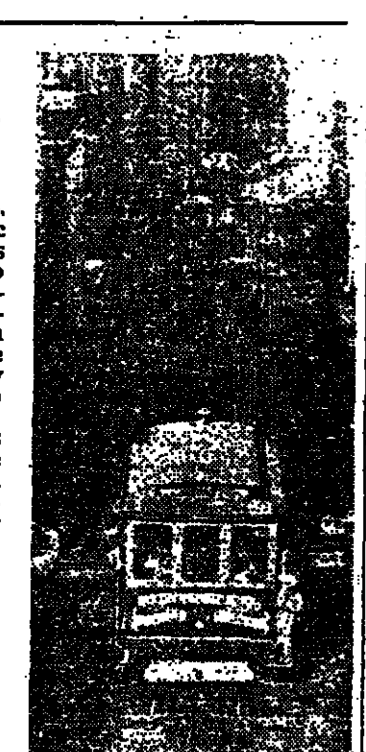
In spite of the best efforts of willing helpers, the equipment has also deteriorated badly over the years. The cars, which are already being restored one by one, are battered and leaky. The track is badly worn and the powerhouse, for all its appeal, is Victorian.

In terms of cost, the cable cars are also most inefficient. Although single cars usually bulge with passengers clinging on to the side, two men are needed to operate each one—the gripman and conductor. This puts them at an immediate disadvantage compared to trolley buses, which need only one man.

But the U.S. is fast learning to treasure its past and sentiment about the cable cars triumphed over the accountant's pencil some time ago. The system, which carries more tourists than city passengers, was declared a national historic landmark in 1964. While this meant the city could not scrap the cable cars, it did not guarantee their survival. In the mid-1970s, San Franciscans began to organise a "save the cable cars" campaign to raise money and persuade Government to help.

The biggest boost was Washington's decision to come up with $46.8m of the estimated $60m the rescue effort will cost. The state of California is deciding whether to chip in with another $2m, which leaves the private sector to raise about $10m, of which it currently has about $4.5m, including a couple of large corporate donations.

With the overhaul a year away, the organisers hope they will meet the target. But sceptics say that the project has been greatly underestimated and that costs could easily double. If so, the Reagan Administration would be faced with the interesting dilemma of whether to make an exception to its cost-cutting programme to pump out more funds to save the oldest joy ride in the country.



Ashley Ashwood

Japanese told of CBI worry over exports

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

THE CONFEDERATION of British Industry (CBI) yesterday warned leading Japanese industrialists that unless rapid measures are taken to stem the UK's rising trade deficit with Japan it would press the UK Government for strong protection against Japanese exports.

"By the end of the year we expect to see the trend of the increased adverse balance being reversed," Sir Raymond Pennock, the CBI president, said after a meeting in London with the Keidanren, its Japanese counterpart.

The Keidanren mission, sponsored by the Japanese Government, is visiting the main European capitals and will continue talks with the UK Government on Monday.

Sir Raymond's warning reflects the growing urgency in industry about the rapid build-up of Japanese sales on the British market and the static performance of UK sales in Japan. Japan's visible trade surplus with the UK has been rising at over 40 per cent a year since 1978 and this year is expected to reach £1.6bn.

The CBI's impatience with Japan is shared by the European Commission and UNICE, the European employers federation, which gave equally outspoken warnings to the Keidanren in Brussels on Thursday.

Similar concern is felt in the UK Government. Although the Keidanren mission springs from the talks Mr Zenko Suzuki, the Japanese Prime Minister, held in European capitals in the summer, the Government and the CBI share the feeling that expressions of goodwill expressed then have not been carried through.

"Words are too late. We must have action," Sir Raymond said.

The CBI seeks action on both imports and exports. It wants Japanese companies to adhere more rigidly to the existing sales restraint agreements with British industry, particularly that dealing with light commercial vehicles.

At the same time it seeks from Japan lower tariffs on whisky and confectionery, the lifting of quotas on footwear and leatherware, and measures to open up the Japanese market.

Such measures would include the lowering of Japanese pharmaceutical and chemical standards to international levels, the liberalisation of the insurance market and the revision of patent procedures. The CBI also suggests that Japanese official agencies should buy more UK capital goods.

Britain may sell coal to Japan

By Martin Dickson

THE National Coal Board is discussing with Marubeni, the big Japanese trading house, the possible export of UK coal to Japan for the first time in half-a-century.

The conclusion of a deal would be a remarkable development in the NCB's export drive, in view of Japan's distance from the UK and its strong coal-trading links with Australia, South Africa, the U.S. and Canada.

However, both NCB officials and Marubeni said yesterday that the talks were still at an early stage.

private TV stations.

In Tokyo, Marubeni said the corporation was discussing the long-term importation of UK steam coal for power stations and other users. He gave no indicaton of the tonnages which might be involved, but said any imports would help reduce Japan's trade surplus with Britain.

Analysts said the Japanese were keen to diversify their sources of energy supplies and were under pressure to take action on the country's huge trade surplus with the EEC.

Freight rates from the UK to Japan would be much higher than those from Australia and South Africa, but shipping analysts said they might becompetitive with the U.S.

The said that in recent years Japan had been importing up to 500,000 tonnes of coal from Poland—an even longer haul than from Britain.

However, it seems certain a deal would require a commitment by the NCB to improve its export facilities to handle vessels of around 60,000 tonnes, rather than the 30,000-tonne maximum now.

The NCB, faced with a slump in UK sales, has boosted exports from 2.5m tonnes in 1979 to an expected 10m tonnes this year

Computer system will aid travel

By Elaine Williams

THE TRAVEL industry is to begin trials early next year which could lead to more automation of travel agency business.

The Association of British Travel Agents has developed a computer system in conjunction with Caltrav, a subsidiary of Calladine and Baldry, Canada's largest tour operator. This will be able to link into most of the big tour companies' computer reservations systems.

ABTA has invested £250,000 in the system. Caltrav has spent £1.8m on developing its system, which is used in Canada and is being adapted for the UK.

The system will enable travel agents to link into the automated reservation systems of airlines and of tour operators such as Olympic Holidays and Thomson Holidays.

More agents will be able to tap British Telecom's Prestel service, which already carries up-to-date information on travel

Agents will also be able to use the system to automate their accounting, keep business statistics, and send messages between offices.

ABTA says even small travel agencies could benefit from the system because at its most basic, it will cost about £7,000 to instal.

About 1,000 of the 4,000 travel agents in the UK have expressed interest in the system. ABTA believes that the UK market for automation is worth about £12m.

ABTA is not the only organisation which has developed such a system.

Eight months ago, Thomson Holidays, Britain's largest tour operator, began trials of its viewdata booking system with 66 travel agencies in the UK.

Government borrowing runs near target

BY DAVID MARSH

GOVERNMENT BORROWING so far this year appears roughly in line with target after allowing for the tax payments delayed by the civil servants' dispute. This is mainly because the Treasury is having some success in holding down Government spending this year.

Figures published by the Treasury yesterday showed that the central government borrowing requirement for April to September in the 1981-82 financial year rose to £9.67bn, from £7.87bn in the same period last year.

After allowing for the effects of the dispute, which ended in July but still inflates borrowing, the Treasury calculates that the underlying figure in the six months was only £5bn to £5.5bn.

The year-on-year calculation is distorted by about £1bn more in North Sea oil taxes that has accrued to the Treasury so far this year, compared with the same period of 1980.

Since about £4.5bn in tax which should have gone to the Exchequer this financial year is still held up, the Treasury will not be sure for several months whether it has a good chance of keeping to the budget forecast of £11.50bn borrowing for the whole financial year.

It is encouraged, however, by signs that central government spending, the main reason for overshooting last year, is being restrained.

Yesterday's figures show that Consolidated Fund expenditure, an important component of total government spending, rose by 9 per cent in the six months against that period last year, slightly lower than the 10 per cent rise forecast in the Budget for the whole year.

Central government borrowing last month was £381m after a net surplus of £120m in August and borrowing of £850m in September last year.

In September, the Treasury estimates, the net effect on borrowing of the civil servants' dispute was to increase it by about £500m. This was mainly caused by priority for refunds of Value-added Tax rather than collection of delayed VAT, which is still taking place rather slowly.

These factors will increase borrowing even more, by about £2bn, in October. In ensuing months, the Treasury hopes to make up the lost revenue.

"In the absence of the delayed transactions there would have been little or no net borrowing by central government" in September, the Treasury said. A favourable effect on revenues last month was £2.1bn of North Sea taxes received at the start of the month, against only £1bn in the month last year.

Total tax revenues delayed by the civil servants' dispute, which started in March before the onset of the 1981-82 financial year, is put at £5bn to £5.5bn. The Treasury hopes that the only permanent loss to government finances will be the £250m paid out so far in additional interest costs on extra borrowing.

Private finance for state industries 'limited'

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A WARNING that the scope for injecting private sector finance into nationalised industry "seems limited" has been issued by Sir Geoffrey Howe, Chancellor of the Exchequer.

His warning will cause concern among chairmen of nationalised industries who had hoped to persuade the Treasury to authorise private sector financing schemes following a debate on the subject in the National Economic Development Council on Monday.

In a letter sent to Mr Edward du Cann, chairman of the Treasury Select Committee which examined State industry financing during the summer, Sir Geoffrey said that ministers would "continue to look constructively at any proposals put to them."

The Government was interested in cases where "direct market borrowing can be introduced so as to expose it to genuine risk and thus lead to worthwhile pressure for improved performance." This is the area discussed in the NEDC meeting on Monday.

But the Treasury believes it will be difficult to find examples where government guarantees can be eliminated permanently. For this reason, Sir Geoffrey added: "The scope for this seems limited."

Special problems are understood to arise where an industry wants to raise private capital by issuing a bond for all its operations, not just specific projects. British Telecom is the front-runner in this category.

The Treasury has not yet been convinced that it can issue a statement that would bind future governments and prevent them, for example, from interfering in an industry's pricing policy or other management issues.

Without such a statement, financial markets might believe that there were still Government guarantees behind the industry. The risk involved for investors would therefore not seem the same as for investments in the private sector.

For this reason, the Government may be more in favour of raising capital in the private sector for individual projects—for example a specific apart of British Rail's fringe operations.

Sir Geoffrey's letter was sent before last Monday's NEDC meeting but was only published yesterday. It also confirms that the rules under which the industries borrow from the national loans fund have been relaxed.

BA nearing cuts target as 7,000 ask to go

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

MORE THAN 7,000 staff have applied to leave British Airways under the airline's severance plan, which provides payment of up to 1½ years' salary for those whose appointments are ended.

Mr Roy Watts, deputy chairman and chief executive of BA, said this success so far in achieving the target of reducing staff by 9,000 to 43,000 by this winter, is matched by other aspects of the airline's retrenchment package, including sales of properties.

The voluntary redundancy applications range across the airline from flying staff to ground personnel, and Mr Watts predicts that British Airways will be "a much slimmer airline" by the end of 1981.

"We have already set up a 'swop shap' for matching people to vacancies. We are not out of the wood on staff numbers by a long way, because not all applicants will in the end choose or indeed be able to go.

"But while we have to make sure that we can go on running a good airline, we shall err on the side of boldness in letting people go.

"I shall take a lot of convincing when anyone says 'we can't cope': we simply have to cope. We are not going to weaken in our resolution to get our numbers down to 43,000 by next summer."

On other aspects of the retrenchment programme, designed to stem anticipated losses of £100m in the current financial year, Mr Watts says that sales of property are going well.

A deal has been agreed with Sainsbury's to turn the ground floor of the West London Terminal in Cromwell Road into a supermarket, while an offer for the Victoria Terminal has also been received.

On aircraft sales, Mr Watts says BA is talking to potential buyers of five Boeing 707s, and of one Boeing 747 Jumbo now in service that BA does not need, as well as on two more 747s on order but not yet delivered. Another airline is showing interest in the surplus 747 freighter jet.

BA's overall commercial results are still disappointing, with traffic poor as a result of the recession and the onset of winter.

Proposals to cut steel castings capacity

BY LISA WOOD

FIRM proposals to reduce over-capacity in the high alloy sector of the steel castings industry are being drafted by Lazard Brothers, the merchant bankers.

Under the rationalisation plan casting companies would be asked to choose between closing plants or subscribing to a fund to compensate competitors who cut capacity. The aim is to cut the industry-wide capacity by 25 per cent or 50,000 tonnes.

However the proposals, first suggested this year by Lazard Brothers with the support of the Government and the Bank of England, and at the request of some big companies, are still incurring problems in the other two sectors of the industry.

Lazard reports that in the heavy to medium sector companies representing 44 per cent of the sector's tonnage have opted to stay open and 44 per cent are as yet undecided. Because of this Lazard, which hopes to get the full scheme into effect this year, is not yet in a position to make firm proposals.

In the light to medium sector, companies producing 35 per cent of the tonnage are undecided, but Lazard sees good prospects

Petty offenders 'should be kept out of prisons'

By Lisa Wood

BRITAIN'S overcrowded prisons face disaster, Sir Thomas Skyrme, chairman of the Magistrates' Association, said yesterday.

Sir Thomas told the association's annual meeting in London: "The state of our prisons is indeed appalling, and there can be little doubt that unless drastic action is taken we shall be confronted with disaster."

Anxiety about the physical condition and population of Britain's prisons has been mounting steadily. This month, a report from the Parliamentary All-Party Penal Affairs group asked the Government to reduce the prison population or face a "catastrophe." There were 45,044 people in prison in England and Wales at the end of July against 43,936 at the end of June 1980.

Sir Thomas told the association magistrates must recognise that non-violent petty offenders could not be allowed to take up valuable prison space.

Court awards BP Tankers £58,238

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

BP TANKERS was awarded £58,238 damages in the High Court yesterday over an engine failure in the tanker British Fulmar that caused her to seek help from salvors.

Mr Justice Robert Goff held in the Commercial Court that the vessel broke down because a piston crown fractured after being negligently reconditioned by Wilson and Kyle, the marine engineers.

The judge said the problem arose when British Fulmar was in restricted waters between the Norwegian coast and offshore islands.

The engine had to be stopped for repairs, and the master called for salvage tugs to stop the ship drifting ashore.

BP had paid the salvors £55,000. Wilson and Kyle claimed that less could have been paid and that BP had failed to mitigate its loss.

The judge said there had been an unsuccessful attempt to settle the salvage claim at a lower figure, and it had eventually been accepted that £55,000 was reasonable.

He quantified BP's incidental expenses at £3,238 and gave judgment with costs against Wilson and Kyle.

● NEWS ANALYSIS—RAY MAUGHAN LOOKS AT THE BACKGROUND TO YESTERDAY'S £87m BID

Argyll's Gulliver seeks 'advantages of bigness'

EVERY MOVE that James Gulliver has made in the food business, particularly since he founded Argyll Foods five years ago, pointed to the ambitious £87m offer Argyll launched yesterday for Linfood Holdings.

He has known the group well for many years and saw its similarities with his own operations, substantial lines of credit were available from leading City bankers, and, equally important, Linfood's door seemed to be ajar.

As far back as 1972, at about the time when Gulliver was leaving Fine Fare, which he had built up for Associated British Foods, and beginning to develop Oriel Foods, he was talking to Lord Kissin, chairman until last month of Linfood.

Guinness Peat, the overseas trading and rechant bank also headed at that point by Lord Kissin, had majority control and the tentative discussions got anywhere. But Guinness Peat finally put its very much reduced holding of 20 per cent of Linfood up for sale early in September—and Argyll, as Guinness Peat requested, was on hand to buy the stage en bloc.

There was never much doubt thereafter that, despite Linfood's vastly greater turnover, Argyll would come back for the entire group.

For every 100 Linford Holdings ordinary shares, Argyll Foods is offering 110 new ordinary shares and 85 new 8¼ per cent cumulative convertible redeemable preference shares of £1 each. These will convert to Argyll ordinary shares between 1982 and 1990 on the basis of 105 ordinary shares for every 100 preference shares which is the equivalent of a conversion price of 95.24p per Argyll ordinary share.

***Argyll is offering a cash alternative of 170.85p for each Linfood share.* The bidder is also proposing to replace the outstanding £10.05m 12 per cent convertible unsecured loan stock 1988-90 with an Argyll stock of similar nominal amount, maturity and conversion but bearing interest at 12½ per cent. The maximum number of additional shares issued on conversion will be 6.7m.**

The offer extends to a total of 41.8m Linfood ordinary shares so the total number of shares to be issued by Argyll if Linfood shareholders all decide to take the equity offer would be 45.96m ordinary and 35.51m preference shares.

***To the extent that Linfood holders elect to receive cash,* Argyll is to buy the first 10m Linfood ordinary shares at 170.875p each with the backing of a £17m loan facility provided by Samuel Montague. Montagu and N. M. Rothschild & Sons have agreed to underwrite the remaining shares which would otherwise be due to shareholders accepting the cash offer. The maximum number of shares which would be acquired by the two merchant banks is 31.78m.**

Depending on the level of cash acceptances, the fully converted capital of the enlarged group would be between 127m and 107m shares.

For the moment, Argyll's own shareholders have to sanction the purchase of the starting stake at an extraordinary meeting next week, but Gulliver is already talking enthusiastically of the advantages of putting the two groups together.

The Argyll chairman is a devotee of the economies of scale, the "advantages of bigness," as he calls it. This year has already seen the group take a useful step in this direction when, last February, Oriel came back into Gulliver's orbit in a deal worth £19.5m.

It added £140m of sales, bringing Argyll's total turnover to about £250m annually.

The economies are beginning to come through; Argyll says it has made profits of £3.3m before tax in the six months to September 26 on sales of £111m and is going for £6.5m pre-tax over the full year on a maintained net margin of 3 per cent.

In sales terms, at least, Linfood is in a vastly bigger league. It is turning over about £1bn a year, but its profits for the year to April fell back by 13 per cent to £8.9, largely because of a significant shortfall in its Gateway supermarkets.

On Argyll's calculations, the combined turnover of £1.25bn puts the group into the top flight which is province of Sainsbury, Tesco and Asda.

And excluding the two groups' cash-and-carry, frozen foods and independent grocery distribution, their aggregate £300m turnover in food retailing is broadly on the same scale as Kwik-Save Discount.

Argyll points out, however, that Argyll-cum-Linfood's supermarkets would be an aggregation of stores not in any way comparable with the homogeniety of Kwik-Save.

In the cash-and-carry sector, Argyll is hoping to merge its 29 units, concentrated in the North-West, the North Midlands and East Anglia, with Linfood's national chain of 87 cash-and-carry outlets.

The deal means that Argyll would vie with Nurdin and Peacock for top position in this market and probably surpass Booker McConnell's cash-and-carry sales.

Linfood also has some £300m of turnover in wholesale food distribution through 3,000 VG and Spar voluntary group accounts. The evidence of the last accounts suggest that Linfood is finding the going extremely tough in this area and, on wafer-thin margins, the profit contribution is minimal.

Both groups have developed on very much the same lines—Gulliver likens Linfood's growth to that of Oriel — and have established operations rights across the food wholesaling, distribution and retailing spectrum.

Linfood, too, has been active on the bid front, acquiring for £30m in 1978 the publicly-quoted Wheatsheaf Distribution, which was one of the pioneers of the hypermarket concept in Britain. In the previous year, it paid £7.5m for Gateway Securities.

Gateway was last year's stumbling-block as its contribution to pre-tax profits slumped from £3m to about £700,000. Gulliver believes that the shortfall is a symptom of a poor competitive position.

Gulliver says: "It has failed to follow Tesco's move to discounting." Argyll's own chain of 107 supermarkets flies under the Lo-Cost banner, which should be indication enough of the direction in which, if the merger goes ahead, Argyll would lead Gateway.

Gateway and distribution to the voluntary grocers provide useful recovery scope for Linfood's defence, provided management's remedial action is effective, but the opposition will also depend on asset values.

The jewel in Linfood's crown is the Carrefour hypermarket chain, now numbering five stores, with a sixth building at Swindon. A hypermarket, according to City analysts, should be valued at up to £10m, but Linfood's last balance sheet showed total net assets of only £45m.

Ford gives unions productivity warning as profits fall

BY NICK GARNETT, LABOUR STAFF

FORD TOLD union officials yesterday that current profits were significantly worse than last year and at these levels would not finance the company's planned £1,400m, four-year investment programme.

The warning seems to reflect mounting urgency within the company to improve productivity. This pressure could make future negotiations on efficiency even more difficult than they would otherwise be.

Ford appears likely to make a pay offer to its 54,000 manual workers this month which links some form of productivity improvements to all or part of the proposals on lifting basic rates.

It hinted at this when the unions yesterday submitted a claim for increases of over £20 a week, consolidation of attendance pay supplements, a one-hour reduction in the working week as part of a move to 35 hours, and better pensions.

Mr Ron Todd, Transport and General Workers Union national organiser and leading Ford union negotiator, said the claim was based on the three principles that the unions were not prepared to accept a further erosion of living standards, that Ford had survived market conditions better than other manufacturers, and that the company had to make a positive response if it wanted the unions seriously to examine its efficiency problems.

Mr Todd warned the company that the unions would resist "most strongly" any attempt by the company to link its wide-ranging "After Japan" productivity proposals to its wage offer.

These proposals—which, spread over four years, would lead to a reduction of more than 20,000 jobs in the manual labour force—include production line workers repairing faults, carrying out simple maintenance functions, cleaning their work areas and assisting in line feed.

Mr Todd said that if the company wished to discuss cost saving items outside AJ but tied to the pay offer, the unions would examine that.

The company is unlikely to attempt to negotiate AJ along with pay. But it might introduce the questions of problems with first-time quality, absenteeism, labour mobility and manning levels.

Mr Paul Roots, Ford's industrial relations director, told union officials yesterday that in the present period of free collective bargaining, the company should "not put anything on the table that we cannot fund."

Union officials took that to mean a form of self-financing pay offer. The pay claim says that the unions expect Ford to make £160m profit for 1981. The company—which made a pre-tax profit of £226m last year, well down on the previous year—has not released any figures.

Mersey docks face new threat of all-out strike

BY BRIAN GROOM, LABOUR STAFF

THE financially troubled Port of Liverpool faces the threat of an all-out strike less than four weeks after a pay and productivity package, hailed by employers as a breakthrough, ended five months of wrangling over the annual pay award.

Shop stewards representing the 3,500 Mersey dockers decided yesterday to recommend a stoppage to a mass meeting in the city's Boxing Stadium tomorrow, in support of 480 colleagues in dispute at a stevedoring company, Liverpool Maritime Terminals, over manning levels.

Manning reductions were a key issue in the pay talks, during which the employers' insistence on important changes to working practices proved a sticking point. There were six one-day stoppages.

Employers hope the dockers, who have been implementing some of the changes for the past two weeks, will overturn the recommendation. They believe that those stewards who were opposed to the deal are using the dispute to reopen the issue.

The dispute at LMT began this week when a gang of four men working on a palletised cargo in the hold of the Keta Lagoon, a freighter of Ghana's Black Star Line, found some cartons had broken loose. They asked for reinforcements.

The company agreed to a gang of six—the level for general cargo under the new agreement—but the holdsmen demanded eight. The company refused and the men stopped work.

Mr James Fitzpatrick, chairman of the Port Employers' Association, said the strike call was totally unjustified.

"This is a minor aspect of a major agreement negotiated over several months and approved by the men. They are aware that the new manning levels mean the difference between survival and disaster in the port. They are also aware there is no alternative," he said.

In a separate dispute, about 50 dockers employed by the Liverpool Grain Storage and Transit Company walked out yesterday in a dispute over backdated payments agreed under the package deal.

Employers believe implementing the work changes is vital to make the port more competitive. The Mersey Docks and Harbour Company made a record trading loss of £2.47m in the six months to the end of June.

Mr Fitzpatrick is now flying to China in an attempt to win new trade.

British Rail tries to avert drivers' one-day strike

BY BRIAN GROOM, LABOUR STAFF

BRITISH RAIL management is to meet leaders of the train drivers' union Aslef on Tuesday in an attempt to persuade them to call off the one-day strike set for October 21.

As the union's eight-man executive confirmed the strike call yesterday, an unofficial one-day stoppage by 200 drivers at BR's Waterloo depot in London caused nearly a quarter of Southern Region's 1,200 trains to and from the station being cancelled.

BR said that suburban services were hit harder than long-distance ones. The Waterloo City service stopped. Cancellations were heavier in the evening than the morning, and some difficulties may continue today because of trains being in the wrong places.

Both one-day strikes are in protest at cuts in services. The Waterloo men's action was aimed particularly against new winter timetable changes, which include the cutting of three fast Sunday services to and from Bournemouth.

Mr Don Pullen, Aslef assistant general secretary, said yesterday: "British Rail's announced intention to increase fares by nearly 10 per cent and reduce the service is a recipe for disaster.

● Redundancy notices were issued yesterday to 210 workers at British Rail's engineering works at Litchurch Lane, Derby, after disagreement over proposals for work-sharing, which could have prevented the dismissals.

Oil workers plan action on refinery closures

BY SUE CAMERON

BRITAIN'S OIL workers are to embark on a programme of industrial action in a last ditch attempt to stop the closure of two UK refineries and the loss of about 2,500 jobs.

A call for industrial action is expected to be made next Thursday when representatives of all the major oil industry trades unions will meet in London.

Last night, Mr John Miller, national secretary for oil and chemicals for the Transport and General Workers Union, said: "We are on the brink of saying that unless our members start using their muscle, we will see the almost total collapse of the UK refining industry."

He said the threat posed in the past by miners' strikes would be as nothing compared to what would happen if UK oilwarkers "turned off the taps at the Sullom Voe and Flotta oil terminals" on the Scottish islands. Such a move would be "dynamite."

The possibility of a 24-hour stoppage at all UK refineries is likely to be discussed at Thursday's meeting. Such a stouuage could act as a "warning shot across the bows of the oil companies and the Government," Mr Miller said.

A number of continental countries—notably France and West Germany—are also threatened with refinery closures by oil companies. Mr Miller is to meet leaders of other oil unions in Strasbourg next week with the aim of launching a concerted front against such closures.

UK NEWS—THE SOCIAL DEMOCRATS IN LONDON

Jenkins outlines plan for inflation tax to curb wage-price spiral

BY IVOR OWEN

COMPANIES *paying* wage increases above a guiding rate for hourly earnings would incur an inflation tax equal to 50 per cent of the excess under an incomes policy formula outlined by Mr Roy Jenkins at the Social Democratic Party's conference in London yesterday.

He described the proposals, which he first aired in the Warrington by-election campaign, as "a fruitful avenue to approach." They are to be urgently appraised by a study group before the party decides whether to give them official backing.

Mr Jenkins admitted that such a tax would not stamp out inflation. But he said it would *effectively restrain the wage-price spiral* in the private sector and set a pattern for public sector settlements to follow.

Provided public sector and private sector settlements were in line the restraining influence *of the tax would then be felt* throughout the economy. Once successfully established, it would be likely to be accepted as a permanent feature by governments of all political persuasions.

Mr Jenkins, whose speech, opening a debate on economic affairs was warmly and enthusiastically acclaimed, was notably reticent in explaining how the SDP would counter excessive wage claims by the miners and other public sector groups with industrial muscle.

This area of potential difficulty was later spotlighted by Mr Dick Taverne, who served at the Treasury when Mr Jenkins was Chancellor in the Labour government.

"*We may have* to face a very tough trial of strength in the public sector. I hope we can avoid confrontation," he said in the final speech from the platform.

To cheers, Mr Taverne stressed that it would be "intolerable" if an incomes policy operated by a SDP-Lib alliance government resulted in moderate wage increases in the private sector while there continued to be immoderate wage increases in the public sector.

Mr Jenkins claimed that the introduction of an inflation tax could damp down the vicious process of wages following prices and prices following wages. It could open the way for reviving expansionary forces in the economy and setting unemployment on a permanently downward path.

With the inflation tax link, the guiding rate for hourly wage settlements would be encouraged by incentive and not enforced by centralised diktat, he said.

Firms with a pressing need to acquire more labour would be free to pay "over the odds" to get it, but at the price of incurring the tax.

Mr Jenkins emphasised that another favourable aspect of the formula was that it would not prevent free collective bargaining. There would be no question of interference from the centre in individual agreements freely negotiated.

He also contended that the tax could be operated in such a way to ensure that no additional tax burden fell on the company sector.

At the end of each year it would be possible to reduce the rate of national insurance surcharge by the yield of the inflation tax.

Mr Jenkins looked to both the CBI and the TUC to participate in the negotiations leading up to an announcement by the Government of the rate of growth in hourly earnings which the country could afford over the coming year.

"We believe that the trade unions should and must play a very full part in their proper industrial job," he said.

Amid cheers he insisted that what the SDP did not want the trade unions to do was to play "an improper role as political kingmakers."

Mr Jenkins argued that the inclusion of an effective incomes policy in the SDP's programme would be welcomed by an electorate confronted by Labour's refusal to face up to the need for one, and by the mounting evidence that the present Government's exclusive reliance on monetarism could not work.

He ridiculed the claims by Sir Geoffrey Howe and other ministers that behind the facade of mounting unemployment and a shrinking industrial base something "triumphant" was happening.

In a scathing reference to the Conservative MPs who have been attacking the Government's economic policy, Mr Jenkins said they would remain ineffective so long as they were anxious to wound but afraid to strike.

Mr Jenkins also lashed *Labour leaders for accepting* policies which could only damage Britain.

He instanced withdrawal from the European Common Market, which, far from creating jobs, would result in another 2m people being out of work.

Mr Jenkins asserted that the cost of the programme he had outlined at Warrington for reducing unemployment and rekindling economic growth on a *steady and sustainable* basis was acceptable and had never been challenged by the Chancellor.

In essense, the programme was based on the concept that to deal successfully with a Public Sector Borrowing Requirement it was "necessary to go back a little and take a run at it, rather than to dig deeper into failure."

Hugh Routledge

Spelling it out: Mr Ray Jenkins speaking during the debate on economic affairs.

Liberal leader receives warm praise

BY IVOR OWEN

SOCIAL DEMOCRATS wound up their conference in London last night with warm praise for Mr David Steel, the Liberal leader, and assurances of their determination to make a success of the new electoral alliance.

"Powerful though we each are, together the alliance is much more than the sum of its separate parts," declared Mr Bill Rodgers when he opened the concluding session.

This theme was taken up in a *final rallying call* by Mrs Shirley Williams, whose action earlier in the week in declaring herself ready to fight the Crosby by-election without adequate prior consultation with the Liberals has greatly embarrassed Mr Steel.

He underlined the difficulties he has had to contend with by rebuking Mrs Williams while she sat a few feet away from him at a fringe meeting.

Mr Steel also mirrored his party's concern over the rapid growth of the SDP by warning against any "raiding parties" on Liberal territory.

While praising Mr Steel's many qualities, Mrs Williams urged the Liberals not to regard the SDP as late comers to the vineyard who expected the same rewards as those who had been labouring there many years before.

She insisted that those who *had only recently broken their* ties with the two major parties and joined in the fight to break their grip on British politics were also part of the vineyard.

"All of us have been through fire just as the Liberal party has in our different ways," Mrs Williams stressed amid cheers.

Tory MPs hesitating over joining the SDP were again warned not to wait much longer by Mr Christopher Brocklebank-Fowler, who so far is the *party's only recruit from the* Conservative ranks in the Commons.

He declared that the SDP was not a home for "carpetbaggers or for career minded political refugees."

Mr Brocklebank-Fowler reminded Tory critics of the Government's economic policy that Mrs Thatcher had pledged herself not to turn to a new course.

He told them: "Have the courage of your convictions and have the guts to cross the floor of the House and join the SDP which has already established itself as the natural heir to the tradition of one nation."

If there were no more recruits from the ranks of Tory MPs, it would not "matter a damn" because the SDP membership already included many ex-Conservatives who had held office in the constituencies and worked hard at branch level.

"They are joining us for the right reasons," he stressed.

Hugh Routledge

Standing ovation: Mr Christopher Brocklebank-Fowler and Mr Roy Jenkins applaud Mrs Shirley Williams after she had delivered the winding up speech

The party's principal policy proposals

BY PETER RIDDELL

A LARGE number of detailed policy proposals have been put forward by Social Democratic Party leaders from the platform over the past week.

There has been little formal discussion so far among SDP leaders about policy, nor any consultation until now with the membership. As a result, the policies are mainly only initial proposals and suggestions rather than firm pledges.

There are, however, definite commitments by the SDP—in part embodied in its draft constitution—affirming membership of the EEC and of Nato, supporting the mixed economy and favouring constitutional reform.

Within this context, the main proposals are:

Economy

- A phased programme of expansion combining short-time action to boost employment at an annual cost of £2bn to £3bn, increases in public sector investment and a gradual easing of fiscal policy:
- A stable pound via the linking of sterling to other EEC countries in the European Monetary System.
- An incomes policy involving an inflation tax on employers giving pay rises above a specified figure.
- Abolition of the employers' national insurance surcharge.
- Placing higher profits and employment ahead of any cuts in personal taxation.
- Joint annual economic assessment with the TUC and CBI.

Industry

- Approval in principle for the electrification of the railway system, the North Sea gas-gathering scheme and the Channel Tunnel.
- A new regime for small businesses, including the provision of financial advice.
- National Enterprise Board to be encouraged. Government backing for local co-operatives and community enterprise.

Industrial relations

- Encouragement of industrial democracy.
- Political levy to be continued but obligation on trade unions to allow members to indicate to which political party they want their money to go.
- Ballots for internal union elections and for their major decisions, such as strikes.

Constitution

- Support for electoral reform to introduce proportional representation.
- Reform of the second chamber of parliament to include *representatives of industry* and the professions.
- Reform of local government (a two-tier system based on regions and districts), and a move from rates to local income-tax.

Social policy

- Support for freedom of parental choice in education and health.
- Public schools to lose their charitable tax status and study to be made of their integration into the state system.
- Encouragement for home *ownership and no immediate or* dramatic change in mortgage interest relief.
- Sale of council houses to be permitted. Co-operation to be encouraged between local authorities and private developers.
- Tax concessions to financial institutions which invest in house-building.

Regions

- Concentration of technical, financial and advisory services within any region.
- A five-year grant for the employment of additional highly qualified manpower financed by placing a ceiling on the amount of investment grant on one set of premises.
- Concentration of inward investment promotion agencies on a national not a regional basis.

Rodgers' bold challenge cheered to the echo

BILL RODGERS, one of the Social Democrats' Gang of *Four*, is an *unlikely figure to* be cast in the role of revolutionary. But, as the SDP six-day conference came to an emotional climax last night, he had more than a touch of Danton, whose motto was "boldness, again boldness, and always boldness."

The former Labour Cabinet minister challenged Mrs Thatcher to drive to the palace, hand in her seals of office and fight the Social Democrat-Liberal alliance in a general election.

Nevertheless, at the end of a remarkable week, party members were prepared to accept this piece of cheeky *hyperbole* at face value, and cheered him to the echo.

It was a day when the Tory leadership came in for quite a bit of bashing from the floor. There was a distinct impression that some of the invective was merely sour grapes because no more Conservative MPs had declared themselves for the SDP during the conference.

As usual, Sir Geoffrey Howe was the main target. Many speakers seemed to think that, although the Chancellor had warned the Tory wets to beware the philosopher's stone, his own policies were nothing more than fool's gold.

Mr Dick Taverne, the former Labour minister who resigned from the party in 1972, pointed out that every time Sir Geoffrey said things were perking up, the very *opposite happened.*

"Sometimes I wish to God he would tell us that the recession is getting deeper," observed Mr Taverne with irony.

There was once again a commanding performance from Roy Jenkins, who proposed a tax on companies ...which exceeded a pay norm worked out by both sides of industry and the Government.

Judging by the enthusiastic reception for this notion, party members felt that this was the policy equivalent of transmuting base metals into 22 carat gold.

Some sceptics outside the *hall* were, *however, arguing* that the proposal was slightly tarnished and bore a close resemblance to an idea put forward by the Liberals several years ago.

It was again clear that, in spite of their fervour, many members of the new party were rather hazy about what it actually stood for. One girl seemed to sum it up, when she said there were clear and fundamental Social Democratic principles which did not need spelling out, because they were instinctive to everyone.

All that remained was for Shirley Williams to wind up events with a rousing campaign speech, which ended with a cascade of green balloons descending from the roof.

It is a measure of her *astonishing popularity* that *large sections of the audience* rose to give her a standing ovation even before she had started to speak.

Now, the great media caravanserai moves on to Blackpool, where the Conservatives hold their conference next week. As Shirley said: "That will be an intriguing event, but not so jolly as the fun people's party."

John Hunt

Steel warns both alliance parties not to rock the boat

MR DAVID STEEL, the Liberal leader, yesterday delivered a firm warning to his own party and the SDP—including a direct side-swipe at Mrs Shirley Williams—not to rock the alliance boat.

He combined his appeal with a rallying cry to carry the torch lit at Warrington, through the Croydon and Crosby by-elections, to the next General Election.

He was given a long and rapturous standing ovation at the end of his speech to a fringe meeting on the last day of the conference.

Mr Steel was even-handed in his rebukes to Liberals and Social Democrats when he warned that there were "thorny difficulties" ahead for the alliance.

He began by attacking members of his own party who had criticised some of the *latest* MPs to join the SDP.

"I venture to suggest to my own party that it is just possible there may be some Liberals who do not exactly gladden the hearts of every Social Democrat.

"Where there are doubts about personalities in any given area, I believe if our alliance is to work effectively, *those* doubts have to be ironed out by *discussion by members* of our two parties in private in that area."

Without mentioning them by name, Mr Steel went on to criticise two leading Liberals—Mr Michael Steed and Mr Michael Meadowcroft—when he told the Social Democrats: "I think we deplore the fact that there are some members of my party who have been self-appointed guardians of your party and have *found it necessary to confide* their views to the nearest journalist.

"There will have to be forbearance on both sides." Mr Steel then turned to his criticism of Mrs Williams, who was sitting on the platform with him.

"I make no secret of the fact that I was delighted when Shirley Williams told me on Monday she would like to be the candidate at Crosby.

"Our candidate had already been adopted and already made it known he would be willing to stand down. But I would have liked a little more time to be able to go back and tell him that his invitation had been taken up, rather than hear it second-hand from the platform of a conference."

Mr Steel said he hoped the Liberal who had stood down, Mr Anthony Hill, would get some of the credit when Mrs Williams won at Crosby.

He went on to have an apparent dig at two Social Democrat MPs, Dr David Owen and Mr Neville Sandelson, for comments they had made, when he said he hoped there would be no more television or platform welcomes to recruits from each other.

"We will not do any good by raising expeditions on each other's party."

Mr Steel urged Social Democrats to accept that there were Liberals all over the country with strongly held views. "Do please recognise, and do not *despise the fact that there are* up and down the country people who have held passionately to many of the principles you have espoused this week, through the thin years without hope of office or election.

"They are not to be briskly pushed aside just because we are forming an alliance which is going to work together in government.

"The alliance could come unstuck if we in the Liberal Party cling to our historic purity above all else, or if the SP becomes over-intoxicated by your exciting novelty." We will keep our separate identity and policy institutions. We will develop in our own ways."

Mr Steel attacked Mrs Thatcher, saying: "You cannot hector and lecture this country into submission to your convictions." He hoped the alliance would attract many more recruits from the Tories even if they were not MPs.

Mr Steel ended: "The torch that was lit by Roy Jenkins at Warrington, where our two parties first campaigned together, will burn still brighter and brighter yet in Crosby.

"Over the next two years we must together carry it into *every corner of the land until* at the next general election it burns so brightly we succeed in lifting the pall of darkness and despair that has befallen us."

Mr David Steel

Local government overhaul call

BY JOHN HUNT

A MAJOR overhaul of local government, including the replacement of the rating system by a local income tax, was advocated by Mr John Cartwright, MP for Woolwich East.

Mr Cartwright, SDP spokesman on local government, told the conference that a slow and piecemeal approach to the problem would not work.

"We have to go for a radical, total overhaul of local government, regional government and finance as well," he said.

Local government finance should be as simple as possible and related to the ability of the individual to pay.

"In that case the only possible alternative is a local income tax. I recognise there are difficulties. It could be an expensive tax to collect."

The yield could be uncertain and there might have to be some system of equalisation between different parts of the country. There could also be problems of relationship between local and central government.

But he felt that these problems of local finance could be more easily overcome if they were examined in conjunction with changes in local authority structure.

The system should be clear, simple and easily understandable. If the SDP was to give *politics back to the people*, it had to be in a form which they could easily grasp.

There should be a system of regions with only one tier of local government below that. The party's discussion paper suggested that the present counties should form the lower tier.

But there was applause when Mr Cartwright said he took the opposite view and felt that the district councils should form the bottom layer.

"It is my belief that personal services ought to be administered as close to the people as possible."

He suggested that minimum standards for local authority services might have to be laid down. In addition, there could be a clear statement of the relationship with central government to prevent the continual "frontier battles" which occurred.

Mr Cartwright attacked the Tory Government's proposals to put a ceiling on rate increases and described them as "a constitutional outrage" which would not be practicable.

Election of local authorities by proportional representation wouldb e a safeguard of local autonomy and there could be new and more democratic ways of electing the leaders of local councils.

The SDP study group on local government will consider these proposals with the hope of producing a further consultation paper before the local elections next May.

Call to keep a 'meatless day'

THE BRITISH Government should take a lead in encouraging affluent Westerners to eat less "fast food"—and so help feed the world's hungry, the Vegetarian Society of the UK said yesterday.

In a "food policy charter" marking the United Nations' first "world food day"—next Friday (October 16)—the society, which is urging Britons to observe it asa meatless day, contends that too many crops are being used to feed animals instead of people.

Canterbury bypass open

MR KENNETH CLARKE, the Parliamentary Under Secretary of State for Transport, opened the four and a-half mile Canterbury bypass yesterday. The opening of the £8,89,535 bypass marks the completion of the improvement of the key A/M link between London and Dover and the Channel Ports.

Poll confirms middle-class stereotype—but unions are well-represented

BY ELINOR GOODMAN

THE MIDDLE-CLASS stereotype of the typical Social Democrat was yesterday broadly confirmed by the results of the first opinion poll carried out among the 4,000 members attending the SDP's peripatetic conference.

More than two-thirds of those interviewed were either professionals, managers, teachers, civil servants or self-employed businessmen. Another 9 per cent were retired. Less than 10 per cent were manual or *clerical workers.*

But the poll, carried out by BBC-2's Newsnight programme at all three of this week's conference centres, also confirmed the SDP leadership's claim that the party is making inroads into the unions and attracting large numbers of people who have never been involved in politics before.

Just under 45 per cent of those interviewed belonged to a trade union, while 55 per cent said they had no previous political affiliation.

The poll also showed that the SDP has picked up far more of its members from Labour than from the Conservatives. Only 6.8 said they had belonged to the Tories before, while 30.2 per cent said they used to be Labour Party supporters.

Newsnight also asked members who they would like to see lead the party at Westminster if it won an election. The answers suggested that, even if the SDP does decide to overturn the advice of its steering committee and give all party members a vote in electing the leader, Mr Roy Jenkins would easily beat Mrs Shirley Williams.

Mr Jenkins was backed by *48.9 per cent of those interviewed.* Only 29 per cent favoured Shirley Williams and 19.4 per cent David Owen. Bill Rodgers was backed by 2.7 per cent.

The poll also showed that the majority of people at this week's conference were over 40. In some ways it must have made disappointing reading for the SDP leadership, which had been hoping that the conference might dispel the idea that the party is essentially a middle-class movement.

The party was at pains yesterday to point out that the conferences were not an accurate reflection of the wider membership. It was obviously easier for the professional members to take time off to come to a conference than it was for ordinary working people, they said.

But even if the party is not as broadly based as some would think was necessary for its eventual success, it is clear from talking to members over the last six days that the SDP has got at least a foothold in Labour's traditional working-class base.

The SDP does seem to have done better than either the Tories or Labour in bringing together people from different backgrounds. A straw poll on a tea queue, for example, produced a probation officer, a clerk at the BBC, a chemist, a housewife, a railwayman, two local government officers, a retired missionary, a Gay Lib campaigner, an unemployed pipe-welder, a sales director, a retired forewoman and a newsagent.

Certainly, at all three conference centres, it has been the managers and professional people who have made their presence felt. Their confident voices have filled the tea rooms and many of those who spoke in the debate on industry made it clear that they were speaking from experience.

The early evening party in London on Thursday night could almost have been a Rotary Club dinner dance but for the liberal sprinkling of journalists and academics.

But in Bradford, the SDP showed a different side. Most of the voices had a North Country twang and the great majority of speakers in the employment debate were trade unionists.

As the poll showed, *the* SDP has been relatively successful in recruiting members from the Labour Party. In almost every local SDP party there is a group of former Labour Party activists. Often they are older members who have spent years fighting the Left in the Labour Party.

In some ways many at the conference would have seemed at home in the Liberal Party. The speeches were full of the same good intentions which the Liberals have been expressing for years.

Many of the concerns were the same as those voiced two weeks ago at Llandudno, and some of the solutions, like industrial democracy, had a distinctly *familiar ring.*

But for many members, the Liberals are identified with failure. And success—both personal and political—is important to the average SDP member.

The 50 or so per cent of the membership with no political *experience did not get off the* fence to be failures. At the moment they still believe they can succeed where others have failed, and approach politics with an almost missionary zeal.

The party's biggest success has been in tapping *people who* have not been involved in politics before. In the early '60s some of them might well have been attracted to the Labour Party, but in the last 10 years they have been increasingly alienated by the two big parties.

The great majority of the "political virgins" at this week's conference seem to have been drawn to the party by a belief that some way has to be found out of the present two-party deadlock.

Time and again, people tell you they were desperate for something "new." More than anything else, it is rejection of the old parties which unites them.

One of the main purposes of *the conference was to help SDP* members to establish a sense of identity. They may well have trouble in reaching agreement on precise policies in future, but this week it is clear they do broadly share the same *attitudes* to most major issues.

Judging by speakers and audience reaction, SDP members are strongly pro-EEC, worried about the Third World, and are concerned about standards of both education and welfare.

Most are multilateralists—though there are quite a number of unilateralists who could cause problems in future.

There seems to be a general uneasiness when it comes to being able to "buy privilege," particularly when it comes to education. But alongside this there is a strong belief in the need to preserve freedom of choice.

Most would say they believed in a strong trade union movement but many dislike the way the union leaders use their power, particularly in relation to the Labour Party.

They seem to share the Conservatives' belief that the job of government is to create a climate in which "people can help themselves," and generally seem to believe that the State should keep out of the day to day running of industry.

Above all they dislike intolerance, extremism and confrontation—whether it is between workers and management, the classes or in Parliament. Some are also very unhappy about the sole idea of "political expediency."

By the end of this week, jokes about "political virgins" were wearing a bit thin. Some said they had lost their innocence weeks ago.

No political party has ever succeeded before without an element of expediency. It may be *just one thing* the SDP has to learn before it loses its innocence.

THE WEEK IN THE MARKETS

Shares peep out of the bunker

Having marked time, the uity market this week picked elf up off the floor. The FT dustrial Ordinary index mbed back 22.2 points on the eek. Relief seems to have me from three sources.

At the beginning of the week long-awaited realignment of e European Monetary System cognised the strength of the mark against the other curncies in the system, thus takg some weight off sterling which remains outside the MS).

Later on there was a slight ising of New York money tes, particularly at the short id of the spectrum. Many uropean rates responded, helpg to ease the pressure which as been keeping gilt-edged ields at such elevated levels. here was evidence that buyers f UK Government stock had egun to return; by Friday, the overnment Broker even felt ble to burden the market with ne first full-scale £1bn tap tock for some months.

A *third circumstance*—helpul to sterling, hence raising ome hopes for lower interest ates—was the uncertainty in he Middle East resulting from he tragic event in Cairo.

Rugby Portland

UK cement deliveries were own an average 16 per cent in he first half and so Rugby Portland Cement was widely expected to suffer some profit decline this year from the £16.9m before tax earned in 1980.

But the company's interim profits, which were published this week, were only 5 per cent down to £8.88m and the cement volume decline was no more than 12 per cent. More important, the directors predicted that second half profits would be "significantly better than those of the first" and demonstrated their confidence by raising the interim dividend by 7 per cent to 2.35p per share.

Rugby has not suffered as much as some of its competitors partly because it has been phasing in a new fuel-efficient plant at Rochester that makes cement from the semi-wet process. Also, the company seems to have picked up some market *share in the spring from other* companies, mainly Blue Circle Industries, that were badly hit by the industry's labour troubles.

The potential for improve*ment in the second half comes* not only from continued cost cutting in the UK cement oper*ations but also from the group's* 85 per cent owned Australian subsidiary Cockburn Cement. Cockburn's *interim* results were depressed by a June strike.

The 7½ per cent UK cement price increase effective January 1 that was announced on Thursday will come too late to affect the current-year figures but will help carry forward the momentum into next year.

LONDON

ONLOOKER

Estimates of Rugby's profits *for this year have now been* revised from around £15m to the £18m area and the shares have attracted some favourable comment following the interim figures. However, after gaining *4p to 79p on Monday, they* defied the rising market trend and settled back to 77p by the end of the week.

Arbuthnot auction

The hammer has finally fallen in the behind-the-scenes auction for Arbuthnot Latham, the 148-year-old merchant bank and parent company of the City's second smallest Accepting House. On Monday Arbuthnot revealed that terms had been agreed at £25m with Dow Scandia Banking Corporation, the London affiliate of Zurich-based Dow Banking.

The announcement ended months of speculation. It was no secret that Arbuthnot had some fairly sizeable disenchanted shareholders and last June the bank admitted that "certain approaches" had been received *which could* lead to a bid. Since then the offers have evidently come raining in. The list of rumoured suitors has stretched into double figures but it was not till the Friday *before last* that Arbuthnot finally called a halt to its dealings on the stock market. At 305p, the market was putting a value of nearly £24m on the company.

The successful bidder is a small relatively unknown name in London only established last June to develop a presence in the UK by Dow Banking Corporation—the Swiss banking arm of the giant U.S. group Dow Chemicals.

Mr Harold Hitchcock, chairman of Dow Scandia, admitted that Dow could have started its own merchant banking business *from scratch but it was far* quicker to buy an existing operation. Dow's objective is to extend the range of services it can offer its shareholders and customers and the Arbuthnot acquisition considerably accelerates this plan.

Dow was able to launch its bid with acceptances of 51 per cent already under its belt but small shareholders have little to complain about. The price of 320p a share represents a 58 per cent premium over shareholders' funds and an exit p/e of over 15.

The question now is whether Arbuthnot will be able to retain its elite Accepting House status. Judging by the speed at which Antony Gibbs was asked to leave the Accepting Houses Committee when Hongkong and Shanghai Banking Corporation *took it over last year, Arbuth*not has very little chance indeed.

Now Bowmaker

As one auction closed another started this week. Marsh McLennan, the largest insurance broker in the world, has announced that it wants to sell Bowmaker. The price could be well over £50m and estimates of getting on for £100m are floating around.

When Marsh took over C. T. Bowring, the UK insurance broking group, more than a year ago the Americans said they looked to the management of Bowmaker—seventh largest finance house in the UK—to come forward with policies for its further development. And now the group has come to the decision that Bowmaker's future lies outside the insurance broking giant.

Marsh says that it has already received thirty approaches over the last year from companies both in the UK and the U.S. seeking to buy the finance house. Now that the "For Sale" sign is firmly up quite a queue is likely to form.

Yet Bowmaker could be an expensive buy. Recent finance house takeovers have been priced at net assets plus a variable amount for goodwill. Bowmaker has a good name and a liquid balance sheet. Net assets are 55m and on top of that there is a £48m provision for deferred tax. Certainly the final price is likely to have little relationship to profits which were £4.1m pre-tax in the first half of 1981 and are likely to be lower in the closing six months.

Better Bejam

Now it has sloughed off its Trumps and Hungry Fishermen, Bejam's performance looks satisfactory enough.

Fast food indeed proved a *rather costly mistake—trading* losses of £0.6m being supplemented by withdrawal costs of £1.9m taken below the line. On the credit side, sale of the restaurants to various muscular (or optimistic) operators has brought in £4.5m, bringing the group into a stronger net cash position for the current year.

Food and freezer sales held their momentum well. In this main-line business a sales-margine of 5.4 per cent was even a fractional improvement on that achieved in the previous year. Second half sales increased by around 22 per cent: since only 4 per cent came from higher selling prices, that represented a strong volume performance from the existing stores, matched by the sales from new space.

Bejam is keeping up the pace of physical expansion, planning to open another 100,000 square feet this year—about 15 per cent. It is also making minor changes in the sales mix, tapping a demand for "larger than average" packs of *non-frozen* groceries, and selling more wine.

It is not Bejam's strategy to become "just another supermarket chain." The future is now thought to lie squarely with the specialist freezer operation in which Bejam is the undoubted leader. Analysts are now projecting profits for 1981-1982 of £11m—or even more, having regard to the elimination of fast food losses. And most see sustained growth thereafter, based on geographical expansion and the spread of microwave cookery in territory that Bejam has already colonised.

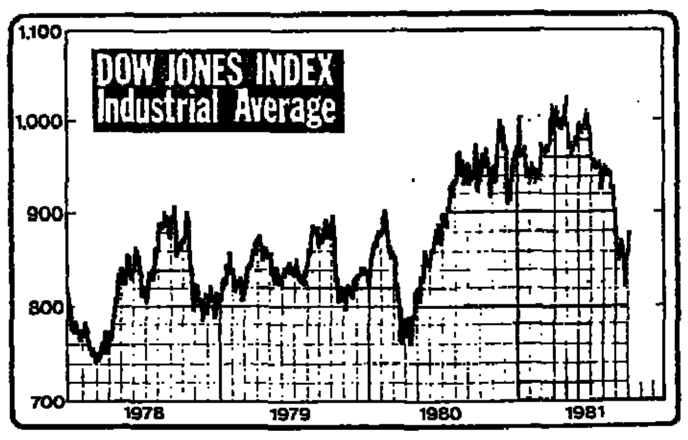
There is, however, a cautionary thought. One-stop superstores opened by the likes of Sainsbury and Asda increasingly incorporate the sort of freezer department which can offer competition to Bejam. Once the country becomes saturated with such stores—in perhaps three or four years time—the appeal of specialist freezer stores may find its limits.

Mail Order

It looks like the time might be right for a reappraisal of the mail order sector in the light of recent figures from Freemans and Grattan. This time last year disappointing half-yearly results from these *two and Empire Stores caused* the market to think hard about mail order and the fairly demanding ratings the shares were enjoying.

Mail order had been increasing its share of the non-food market since the mid-fifties but it was beginning to look as if maturity had set in. That seemed to leave the companies with nothing else to look forward to than slugging it out to win agents and customers from one another. The future was not promising. And that view held firm till this week.

Grattan had reported an interim profits jump of over a third the week before but Grattan is a special case—its new management is working flat out to reverse the company's flagging fortunes. So while some further recovery gave encour*agement to shareholders in* Grattan the figures held little in the way of a message for the sector as a whole.



MARKET HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1981 High	1981 Low	
FT Ind. Ord. Index	498.2	+21.9	597.3	446.0	Interest rate pressures subside
FT Govt. Secs. Index	62.29	+ 1.69	70.61	60.45	Overseas and domestic support
FT Gold Mines Index	392.8	+14.3	429.0	262.6	*Firm gold/lower U.S. int. rates*
Blantyre Tea	93	+23	93	53	Hopes of counter bid
BP	300	+22	415	246	Middle East uncertainties
Central Pacific Minerals	58	+14	415	43	Speculative buying
Freemans	112	+16	152	86	Pleasing interim results
GKN	163	+15	188	127	Foray into intl. armament trade
Habitat	133	+13†	188	127	Successful market debut
Hallite	208	+23	210	107	Gen. Tire & Rub.'s bid rejected
Hambro Life	340	−21	436	227	Profits warning
Hemerdon Mining & Smelt.	62	+15	98	47	Seeks mine planning permission
Hiltons Footwear	131	+21	131	64	Possible bid from Ward White
ICL	43	+ 9	70	25	Link-up with Fujitsu of Japan
Linfood	172	+27	173	123	Bid from Argyll Foods
[illegible]W	112	+30	112	41	Bid from F. J. C. Lilley
McLeod Russel	312	+42	355	225	*Successful bid from Warren*
RTZ	535	+55	633	372	Investment demand
Roberts Adlard	90	−30	135	372	Adverse press comment

† change based on Tuesday's opening

Oils and Egypt

NEW YORK

PAUL BETTS

HAS THE bear market finally been given the bear hug? *Judging from* the market's recent performance, the optimists on Wall Street are beginning to believe that the worst is now perhaps over.

Since September 24, when the Dow Jones industrial average hit a 16-month low, the blue chip index has advanced more than 50 points. It also managed to hold on to these gains, and indeed extend them, in a week unsettled by the tragedy in Egypt.

After some initial concern, the market displayed remarkable calmness on Tuesday, the day President Sadat was assassinated. Inevitably, the oil stocks were particularly active on that day, with shares of oil companies like Atlantic Richfield, Marathon Oil, and Sohio, among others, advancing strongly in view of their extensive safe reserve positions in the North American oil and gas market.

One oil stock which was initially hit was Standard Oil of Indiana. The company has extensive exploration and production interests in Egypt. Following the report of President Sadat's death, the stock dropped as much as 3 points. But the subsequent day it made up all the ground lost as the market perceived that it had over-reacted on the possible impact of the Egyptian situation on *Standard Indiana's* operations.

The improved atmosphere on Wall Street continued to be largely due to the increasingly better outlook for U.S. interest rates. *Short term rates are* still high by any standards, but they continued to drift slowly down. Chase Manhattan cut its prime rate by another ½ per cent to 18½ per cent, and the move is expected to be followed next week by other major U.S. banks. Other short term interest rates eased and while this downward drift has not been followed in any significant way by long term rates, the market also expects these to come down eventually.

What is happening to long term rates in a sense reflects the general mood on Wall Street. *Having been* badly burned on frequent occasions in the recent past by wrong interest rate projections, traders and large investors are basically holding back a little longer to *see whether the improved* interest rate trend is a lasting one. On the stock market, a lot of people are still sitting back cautiously on the sidelines to see whether the market has *really bottomed*

Indeed, if the bear market has in fact been broken, it would be one of the shortest bear markets on record. For this very reason, the market continues to be adopting a play safe attitude

But it was by no means a dull week. The takeover front was active again with two major deals. On Monday, the Kuwaiti Government announced a $2.5bn offer for Santa Fe International, a large Californian oil drilling company. The deal, accepted by the Santa Fe board, is the biggest single U.S. investment by an Arab oil-producing country to date. On Thursday night, Sears Roebuck, the giant U.S. retailer, announced a $600m bid for Dean Witter Reynolds, the fifth largest securities house on *Wall Street and the latest to* go in a recent rash of major Wall Street takeovers.

Both deals have caused great excitement on Wall Street. The Arab bid for Santa Fe is seen as the thin end of the wedge for other similar investments by Opec producers in the U.S. energy business.

The Sears deal was not entirely unexpected. The huge *retailer recently* announced plans to became the largest consumer-orientated financial service entity in America. It bought at the beginning of the week for $179m Coldwell Banker and Company, the country's largest real estate broker. Last month, it said it would start its own money market fund. It already owns the Allstate Insurance Company and numerous other consumer finance businesses. In the country's rapidly changing financial environment, Sears now seems set to emerge as a dominant force.

The Dean Witter acquisition now also leaves only three other big *Wall Street* securities firms up for grabs, including Merrill Lynch, E. F. Hutton and Paine Webber. Salomon Brothers, Shearson, and Bache have already gone to Phibro, American Express and the Prudential Insurance Company of America respectively.

MONDAY	859.87	− 0.86
TUESDAY	856.26	− 3.61
WEDNESDAY	868.72	+12.46
THURSDAY	878.14	+ 9.42

FINANCE AND THE FAMILY

A trust's CTT and CGT

BY OUR LEGAL STAFF

I am the executor of a trust from which the income is paid out in strict proportions each year. The capital will be paid out also in strict proportions as certain elderly relatives die. I believe tax is payable on the capital every five years. Is this so?
If so, is tax paid on the capital at death or is the capital (shares and property) revalued? Are there any books or tax leaflets available on the subject of trusts?

You have not given us many precise facts to go on, but it looks as though you will only face a demand for capital transfer tax on the death of each of the elderly relatives (the life-tenants); there will be no capital gains tax to pay on each death. While they are still living, you will only have to pay capital gains tax if trust assets are sold, and the resultant net capital gains exceed the annual exemption limit. This limit is £1,500, if the person who created the trust died before June 7, 1978: otherwise it may be either £1,500 or £750 or £500 or £375 or £300, depending on the precise circumstances.

We doubt whether any book or leaflet would really help you to understand your tax position, because there are so many differences between one trust and another—and we do not know much about your particular trust. You will probably find it worthwhile to consult a local solicitor (or possibly an accountant, etc.). The cosh should be recoverable from the trust funds (probably the current income), but this can be checked at the same time as you seek guidance on your tax responsibilities as trustees.

Sale of doctor's house

I am in General Practice at my house and have been allowed a portion of the costs of running this house and surgery against my income tax since 1964.

I was 65 last October and I am retiring at the end of September. I would like to sell the house but I may not be able to do so at present.

I believe that I am entitled to relief on capital gains on the house and surgery, which are integral, in view of my age. Will I jeopardise this relief if I let the house for one or two years and then sell it later?

We take it that the surgery is the only part of the house which has been used exclusively for the purposes of your practice. That being so, the gain attributable to the surgery should be exempt (on an immediate sale) under section 124 of the Capital Gains Tax Act 1979 (unless by chance it exceeds £50,000); the gain attributable to the remainder of the house and the garden should be exempt (on a sale within two years of your departure) under section 103(1) of the CGT Act. Letting the house would cause you to forfeit the section 124 relief in respect of the surgery, but would not deprive you of the section 103(1) exemption for the rest of the property, by virtue of section 80(1) of the Finance Act 1980.

The rules are complex and arbitrary, and much depends upon more precise facts than you have given us.

Cricket balls over a fence

In a reply under the heading Footballs over a fence (July 25) you referred to a case where there was held to be no liability for injury caused by a cricket ball and then to another case, Miller v. Jackson, where the Court took a different view. Could you please explain to me what this different view was, as the Cricket Club whose ground is next to my house has refused to pay for a broken window and injury to my wife recently?

In Miller v. Jackson the court held that the cricket club was guilty of negligence every time a ball came over the fence and caused damage or injury to the person and that there was also liability in nuisance (so that the fact that the ground was used for cricket before the adjoining owner occupied his property was no defence).

CGT assessment appeal

In 1978/79 I had net gains of £3,700, all on *unit trusts*. Allowing for the freedom from tax on the first £1,000 of gains in that year and the tax credit of 17½ per cent allowed on unit trust gains, no tax would have been payable. At the beginning of that year I had carried forward losses of £800. My tax inspector tells me that these have now been lost because they were offset against my gains in 1978/79 even though no tax would have been payable anyway. Is he correct?

If a CGT assessment has been made for 1978/79 in the sum of £2,900, and not appealed against, then the inspector is right, and it is too late now for you to protect your £800 loss relief. Of course, if the 1978/79 assessment was only made within the last 30 days, there is still time to appeal—on the ground that it should be increased to "the total amount of chargeable gains accruing to the person chargeable in the year of assessment" viz £3,700, as follows:

CGT at 15% on £2,700 =	405.00
less: Credit (to cover)	405.00

(the words in quotation marks are taken from section 20(4) of the Finance Act 1965, which has been re-enacted as section 4(1) of the Capital Gains Tax Act 1979).

If no CGT assessment has yet been made for 1978/79 (or if the 1978/79 assessment is under appeal), then the inspector's statement, as quoted in your letter, is factually incorrect. That being so, you should appeal against the CGT assessment for 1979/80 or 1980/81 (whichever year you are talking about), on the ground that a deduction of £800 is due in respect of losses accruing to you in 1977/78 (or whichever year or years they actually accrued in) which "have not been allowed as a deduction from chargeable gains accruing in any previous year of assessment." (The words in quotation marks are taken from section 4(1)(b) of the CGT Act 1979.)

Tax on Irish interest

We have read carefully the item headed Tax on Irish Interest (September 12) but we cannot see why the member of your legal staff who wrote *the reply to the enquiry* suggested further consideration of the domicile question when he had said in the first sentence of his reply that the interest would be taxable in the UK even if the correspondent had an Irish domicile.
Furthermore, we would have thought, if the correspondent had an Irish domicile, the interest would have only been assessable in the UK on the amount remitted and the balance would have been assessable (if at all) in the Irish Republic under Article 6 of *the Double Taxation* Agreement dated June 2, 1976. However, it may be that there are special conditions governing building society interest which we have overlooked. Could we have your comments please?

Neither the remittance basis nor the preceding-year basis can apply to income from the Irish Republic, because sections 122 and 123 are overridden by paragraph 2 of (part III of) schedule 12 to the Taxes Act, as amended by the Finance Act 1976.

The reason for asking the *reader to mention his domicile* if he wrote again (which he did, in fact) was simply that it was quite likely that his domicile would be a significant factor in the answers to supplementary questions he might raise. Unfortunately, many readers omit important background facts such as domicile, so our replies cannot always be as helpful as we should like.

Regulated tenancies

In your issue of August 1, you had a reply under the heading "Recovery of possession" in which you mentioned that Case II of part II of Section 15 of the Rent Act 1977 applies only to regulated tenancies. Please can you explain to me what do you mean by regulated tenancies? As far as I know if you rent your house when temporarily working abroad and you notify your tenant that you are the owner-occupier you can recover possession of the property for use by your family.

The expression "regulated tenancy" was used in contrast to a "controlled tenancy," as Case II does not apply to controlled tenancies, that is tenancies which were within the limits of rateable value required under the Rent Acts in November 1956. Your summary of the position is correct—on the assumption that the letting is not made to an existing tenant.

Allowing for inflation

My wife is willing to lend her father a sum of money towards the purchase of a property, provided that, on disposal of the property, she receives her money back, allowing for inflation. Can this be done?

It is possible to provide for repayment of the principal under a mortgage to be geared to a change in the value of money, but it is most important that such a provision is carefully framed so as not to be a "clog on the equity of redemption"; and it would be wise to consult a solicitor.

A university student's tax

With reference to my inquiry which was published under the heading A university staudent's tax (September 19) if my son's grant is exempt from tax and part of that grant is £350 parental contribution paid by me, then should not this sum also be exempt?

The £350 parental contribution is not part of the grant: it is a deduction made in calculating the grant. You are expected (but not legally obliged) to place at least £350 at your son's disposal, to be used in the same way as his grant.

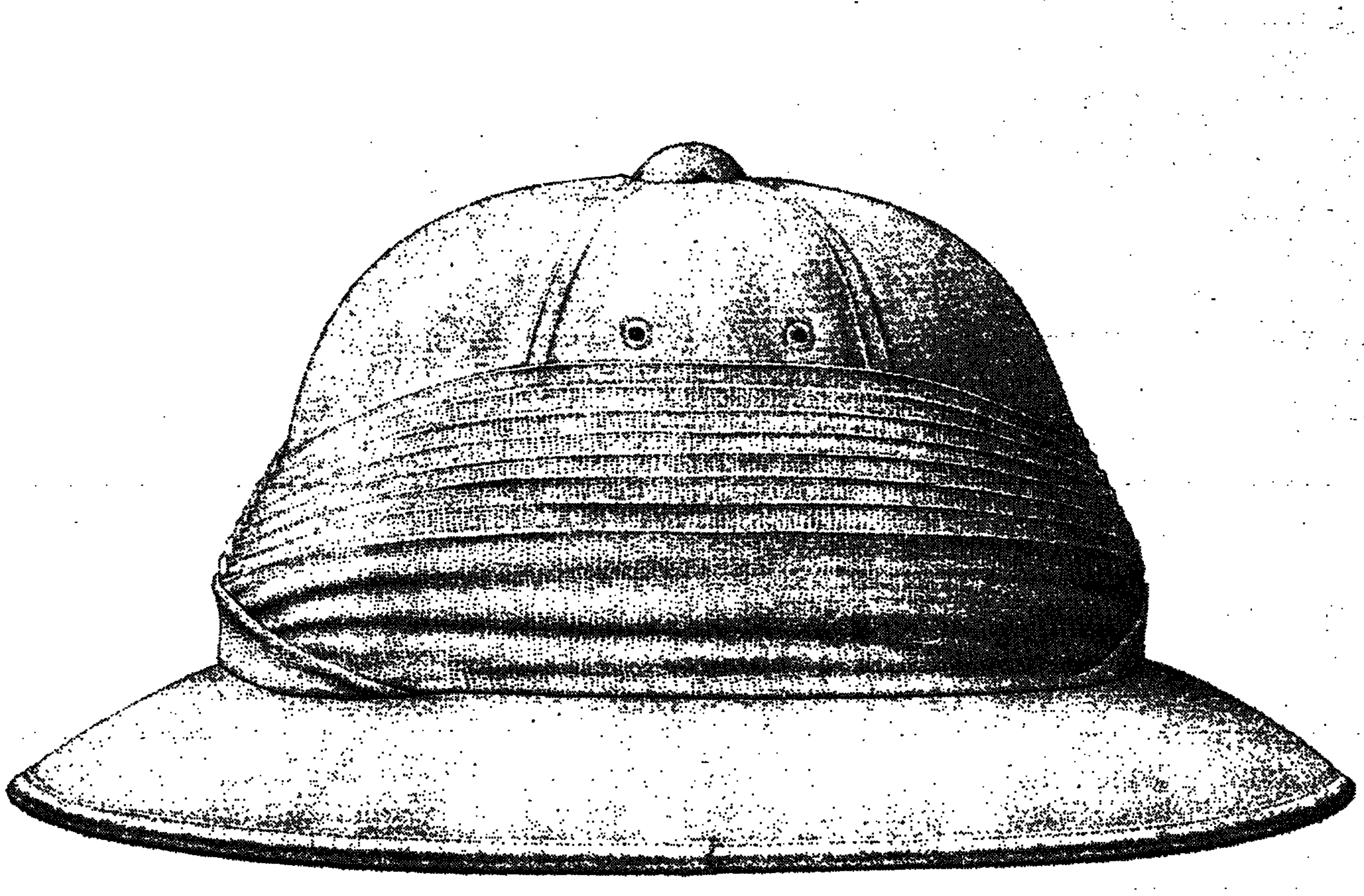
If you place the money at your son's disposal voluntarily, it is not taxable in his hands. If (as you have done), you execute a legally enforceable covenant to pay him an annuity, then that annuity is taxable (and indeed is payable under deduction of tax). It forms part of his income for basic-rate tax purposes, but forms part of your own for excess-liability purposes (i.e. investment income surcharge and higher-rate tax).

VAT payment on building work

I intend to convert an old four-storey building, which has been used for multiple occupation, into four self-contained flats, one of which I shall occupy myself.
According to a reply appearing in your issue dated June 27, I assume the total cost of conversion should be zero-rated as the building will be gutted for the purpose of conversion. Should the architect's fees also be zero-rated?

We confirm that the cost of conversion so far as it relates to building work should be zero-rated for VAT. There is no zero-rating for architect's fees and they will be liable to VAT.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.



The bee stings . . .

TAXATION

DAVID WAINMAN

THERE IS frequently a question in those general knowledge tests which children bring home from school in the holidays asking "of what book are the following the opening words?" But the schools never ask their pupils to identify the purple passage which launches the Taxes Management Act 1970: "Income tax, corporation tax and capital gains tax shall be under the care and management of the Commissioners of Inland Revenue. . . ."

The Commissioners have been criticised recently for what are seen by the tax paying and law abiding sections of the population as shortcomings in their management of taxes in the black economy. But care, as well as management, is what the Commissioners are told they must achieve. I have some considerable respect for the extent to which they do show their care, even though it must generally be a depressing and thankless task.

Consider the new Section 29A(2) written into the Capital Gains Tax Act 1979 to eliminate what had been found to be a flaw in the original drafting. No one should underestimate the amount of care that went into its progenesis.

The story starts in 1964, when a company called Tercol Ltd was acquired by one of the subsidiaries in the group of which Nairn Williamson Ltd was the parent. The consideration paid for Tercol was in two parts: its ordinary share capital was purchased from its previous owner for £13,000, and its new owner was required to lend it £95,000 so that it could repay a loan it had previously had from those previous owners of that amount.

Over the next three years Tercol made losses, so that by 1967 its borrowing from its new parent had risen from £95,000 to *£210,000*. At that point a reorganisation was put in train, so that Tercol became a direct rather than an indirect subsidiary of the parent Nairn Williamson; and Tercol repaid its £210,000 borrowings out of the proceeds of £210,000 of new loan stock issued to Nairn Williamson itself. Later, it converted this loan stock into preferred shares.

When Nairn Williamson thereafter sold the entire share capital of Tercol for £40,000, it claimed that it had made a capital gains tax loss of £183,000, being the sum paid for the ordinary shares, £13,000, plus the amount which the preferred shares had cost, £210,000, less the proceeds of £40,000 received from the purchaser.

Not so, said the Revenue. The preferred ordinary shares created and issued by Tercol had a value at that date of some £59,000, not the full £210,000 which had been lent to the company over the years by a succession of owners, and had largely been lost by the company.

It was never, they said, part of the scheme of capital gains tax that a debt which had become uncollectable should give rise to a loss for tax purposes (although there is an exception to this for loan stocks listed on the Stock Exchange, and other similar loans). What Nairn Williamson was claiming was too easy a method of walking round that restriction.

This dispute eventually reached the Court of Appeal in late 1977, and the court unanimously agreed with the Revenue: the "price" at which Nairn Williamson was to be treated as having acquired the preferred shares in Tercol, their *issue being a transaction not at* arms length, was their value at that time, not the amount "paid" for them.

However, let us look at the implications of this decision in a different set of circumstances. An entrepreneur who started with a £100 company and a bank loan has built it up to a value of £100,000, and wishes to sell out. The potential capital gains tax bill is therefore almost £30,000.

If the company were to create and issue 900 new shares at a price of £1 each, the "value" of those shares would immediately be 9/10ths of the total value of the company, (which in strict logic would itself have increased to £100,900). The two parts of his holding would thus have capital gains tax acquisition costs as follows:—

Original 100 shares	£100
New 900 shares 9/10 x £100,900	90,810
	£90,910

On his sale of the company his capital gain is therefore reduced to £9,990 being the difference between his proceeds of £100,900 and the aggregate cost above. The Revenue's "care" for capital gains tax, shown in its battle with Nairn Williamson has enabled our entrepreneur to reduce his capital gains tax bill to something less than a tenth of what it would otherwise have been.

If the entrepreneur sees himself as running rings round the Revenue, he should be aware that they have been stationary since 1977. Their steps may be slower than his—the pavane perhaps which is described as a slow and stately dance, while he no doubt likes to think of his own progress as the sprightly gavotte.

Careworn the Commissioners may be, but they must now believe that they have danced our particular gavotter off the floor with their brand new Section 29A (2). It tells him that the acquisition price of his 900 new shares was only the £900 he paid for them—but also manages at the same time to say to Nairn Williamson that its Tercol preferred shares still cost £59,000 rather than £210,000.

The only thing Section 29A (2) does not say is whether dancing the pavane is the same thing as floating like a butterfly and stinging like a bee.

YOUR SAVINGS AND INVESTMENTS—1

With interest rates offering real returns, **Eric Short** explains redemption yields and **Tim Dickson** looks at local authorities

A look at gilts and grannies . . .

JUDGING BY the initial figures, the under 50s have not rushed to Post Offices to snap up their £3,000 worth of Index-Linked National Savings Certificates.

Sales in the first four weeks since the removal of the age qualification for holding "Grannies" have averaged £47m—more than double the previous month's total but less than the initial response when the age limit was lowered from 60 to 50.

There are a variety of reasons why this should have happened. To start with, the under 50s are often borrowers rather than *accumulators of capital in bank* and building society accounts. They tend to make regular savings out of income and an Index-linked vehicle (SAYE third issue) has been available to them for years. (The maximum monthly contribution is £50).

There are other reasons, however, for lack of interest in "Grannies," as they are still affectionately known. For the first time for many years, interest rates are standing way above the inflation rates giving a large positive real rate of return, on a gross basis, of several points. War Loan, for example, yields 14 per cent against a 12-month inflation rate of 11.5 per cent. Investors *apparently have a better alter*native in gilts, especially if they want a high secure initial income.

This leads to the question investors should ask themselves in assessing the relative merits of each investment.

The investment return on "Grannies" is the rate of inflation over the next five years, plus a little bit (4 per cent on the original investment) as a bonus. This is an easy concept to understand, the only difficulty is assessing the future rates of inflation.

The accepted measure of the investment return on a gilt-edged stock is the redemption yield, which allows for both the income received (almost invariably half-yearly) and the capital gain at maturity. The concept of a redemption yield is an abstract one, not surprisingly since it was originally designed by actuaries, and many non-professionals have problems relating it to their investment situation. A number of readers have asked us to *explain how redemption yields* are calculated.

The calculations can be reviewed in two ways. The professionals consider the yield as a Discounted Cash Flow (DCF) exercise — discounting each interest payment and the ultimate capital payment back to the present, using a certain rate of interest. The rate of interest at which the sum of the DCF payments equals the present price of the gilt is the redemption yield, an abstract concept indeed.

The layman will possibly better understand the alternative approach of building up a fund from his original investment by investing each interest payment as it falls due at a given rate of interest. This is accumulated to redemption and the capital payment (at par) is added. This sum is then compared with the amount accumulated if the same amount of money had been invested originally in an ordinary deposit account. At the same rate of interest as assumed in investing the interest pay*ments. The interest rate which* produces the same capital sum is the redemption yield.

If no allowance is made for tax, the calculation gives the gross redemption yield—the yield shown in the Financial Times Share Information Service. But an investor has to calculate the net redemption rate allowing for tax at his applicable rate on the interest *payments.* It is, however, inaccurate to net down the gross redemption yield by the tax rate, since this makes no allowance for the tax free capital gain if the stock is held for more than one year. It is this feature which puzzles most investors.

There is unfortunately no alternative to calculating yields *from scratch,* and the stockbroking firms use computers to produce their lists of gilt yields. The example shows one method of calculating yields which the layman can follow if he has a set of compound interest tables. It illustrates the investment aspects of holding gilts.

Consider Treasury 12 per cent 1987 on which interest is paid *on November 3 and May 3* and is redeemed on November 3, 1987. A basic rate taxpayer receives net interest of £4.20 per £100 of stock twice a year—£6 net of 30 per cent tax. The calculation will work in half-yearly periods. We assume the price of the stock on November 3, 1981—the anniversary—is 85. After many trials, the accumulation is *made on an interest rate of 6* per cent per half-year. This produces the following calculations.

Int. Pay Date	Period to redemption in half-years	Accumulation to redemption at 6 per cent per half-year £
May 3, 1982	11	*1.8983 × 4.2 = 7.973*
Nov 3, 1982	10	1.7908 × 4.2 = 7.521
May 3, 1983	9	1.6895 × 4.2 = 7.096
Nov 3, 1983	8	1.5938 × 4.2 = 6.694
May 3, 1984	7	1.5036 × 4.2 = 6.315
Nov 3, 1984	6	1.4185 × 4.2 = 5.958
May 3, 1985	5	1.3382 × 4.2 = 5.620
Nov 3, 1985	4	1.2625 × 4.2 = 5.302
May 3, 1986	3	1.1910 × 4.2 = 5.002
Nov 3, 1986	2	1.1236 × 4.2 = 4.719
May 3, 1987	1	1.06 × 4.2 = 4.452
Nov 3, 1987	0	1 × 4.2 = 4.200

Accumulated value of all interest payments to redemption	70.852
Add capital payment at redemption	100.000
Total sum accumulated	170.852

Price paid of £85 accumulated for 12 half-years at 6 per cent is 85 × 2.0122 = £171.037

It will be found that 6 per cent *is the nearest rate* to produce equality and that the net redemption yield is slightly under 6 per cent per half year or just under 12 per cent per annum for this stock at this price.

The calculations can be considerably shortened. In the example each step has been set out so readers can grasp exactly what is happening.

*Thus the net reduction yield (12 per cent) on the assump*tions given is the best comparison to be made with "granies". The investor needs to compare in the first instance, with a five year stock since index linked certificates have to be held for five years to receive he 4 per cent bonus. Index linking applies after year one.

Basic rate taxpayers should use a high coupon stock, top rate taxpayers a low coupon to determine tehir highest redemption yield. The nearest compari*son for basic rate taxpayers* is Treasury 12 per cent 1986 which is redeemed on June 12, 1986. Its current price of 87 15/16 gives a net redemption yield for a basic rate taxpayer of 11.6 per cent—about the current inflation rate level of 11.5 per cent. So if such investors feel the inflation rate is going to go lower and that interest rates will keep their differential over inflation then go for gilts, otherwise "Grannies." are a better bet.

For top-rate taxpayers, the comparative gilt is Treasury 3 per cent 1986, which is redeemed on May 19 1986. The current price of 66¾ gives a net redemption yield on 60 per cent tax of 10.1 per cent.

Investors need to remember when they compare gilts with index-linked certificates that the cash-in sum on "Grannies" is free of income-tax and Capital Gains Tax. Investors should balance net redemption yields against expectations of the increase in the Retail Prices Index.

. . . with an eye on the Town Hall

INTEREST RATES at these *levels will prove difficult for* many savers to resist, especially when real returns are available from most financial institutions. But while banks and building societies inevitably catch the headlines—societies announced yesterday that the ordinary share account rate is going up to 9.75 per cent net—their rates are not always fixed and may not suit every type of investor.

BEST LOCAL AUTHORITY OFFERS*			
Name	Term (yrs.)	Min. (£)	Rate (%)
Wycombe	1	1,000	14½
Southend	2-3	250	14½
Kirklees	4	500	14⅝
East Staffs	5-6	500	14¾
Wycombe	8-10	1,000	14⅝

* Thursday, October 8.

Gilt-edged redemption yields (eyes left) are certainly looking *juicy at the moment but a sel*dom discussed alternative is the local authority bond market.

Like gilt edged stock held to maturity, local authority bonds *offer a fixed return which will* prove useful if interest rates as the optimists hope return soon to a lower level.

Investors should be clear, however, *exactly what they are buy*ing. There are two basic types of local authority bond, each with different characteristics, advantages and disadvantages.

First, there is the local authority *negotiable bond* or yearlings as those with a one year term are called. This is a Stock Exchange instrument which is issued centrally every Wednesday (the price is fixed on Tuesday) through stockbrokers on behalf of participating authorities. The coupon is fixed for the term (normally a year but on occasions up to 5) and interest is paid twice a year after the deduction of basic rate tax.

The minimum holding is £1,000 (larger sums must be in multiples of £1,000) and application can be made through a stockbroker or bank. Commission charged is discretionary and while the usual fee is about £5 most stockbrokers will perform the service free for regular clients.

The price on the coupon normally reflects what local authorities are paying for their funds in the money market—last week's yearling, for example, was offering 16½ per cent. This could prove to be a good buy for market rates in the last couple of days have slipped back and next week's coupon is likely to be pitched at about 15¾ per cent.

The advantages of negotiable bonds is that they can always *be sold through the secondary* market and can be used by wealthy investors to reduce a tax liability. For example, if sold after say five months the price will reflect accrued income but the return will almost certainly be treated as a capital gain (and therefore not subject to tax of more than 30 per cent). The Inland Revenue, however, *reserves the right* if you do it too often to declare you a trader and charge income tax.

The other medium for savings offered by local authorities is *the Over the Counter* or "Tap" bonds. These are frequently advertised in local newspapers and offer a fixed rate of return over periods between one and 10 years. The minimum amount accepted is often as low as £100 but more commonly £500 to £1,000. Rates and maturities differ from authority to *authority and depend largely* on what sort of money town hall treasurers need and what price they think they can get away with. Administrative costs can be high, so rates tend to be somewhat lower than those available in the money markets. There is no commission, however, if you deal directly with a local authority.

The big drawback is that over the counter bonds are not negotiable and though a stock*broker may take one off your* hands he is unlikely to offer a decent price. Most authorities will redeem early if the holder dies and some will do so if he or she encounters unforeseen difficulties.

Rates do tend to change fairly frequently but if you ring up the treasurer's office in advance they normally hold the rate until your cheque arrives. Civic loyalty is a strong motive for *some* but it pays to shop around—last week, for instance, there were 150 different town halls in *the market. A list of current* offers can be obtained from CIPFA Services Ltd Loans Bureau, 232 Vauxhall Bridge Road, London SW1V 1AU. The fee is £2.50 but if you ring up (01-828 7855) in the afternoon they will usually tell you what the best rates are at the time.

Small is beautiful

A BIG problem for businessmen with a bright idea is where to go for new funds. Small enterprises are very much in fashion and a whole host of institutions have announced themselves willing to put up money for a good project.

The Bank of England and City Communications Centre has just reprinted its popular guide "Money For Business" which is full of useful telephone numbers and descriptions of different types of finance. It is not exactly written in an entertaining style but it is a good reference work.—T.D.

UNIT TRUST AND INSURANCE OFFERS

YOUR SAVINGS AND INVESTMENTS-2

Ian Rodger looks at the market in unlisted securities

The minnows fight back

WHILE MOST attention was focused last month on the decline of some of the Stock Exchange's mightiest shares, the minnows too were having a hard time.

More than half the 62 shares on the Unlisted Securities Market plunged to new lows in September and the total USM market capitalisation dropped by a sixth to £500m in only four weeks.

At least one planned introduction, that of Saxon Oil, was postponed because of the unfavourable market conditions and some recently floated companies fared badly. On the other hand, the USM witnessed one of the market's brightest performers last month, Fleet Street Letter, which has soared from its 52p issue price in August to 87p, up 67 per cent.

The fall in the USM, as measured by the Tring Hall Index, amounted to 22 per cent between September 3 and September 28 compared with a 19.2 per cent fall in the FT-Actuaries All-Share Index.

(One casualty of last month's upheavals has been the USM weighted indices prepared by Hill Woolgar in competition with the unweighted Tring Hall index. For some reason, the Hill Woolgar indices were showing small rises last month despite the overwhelming downward trend, and so they are being re-examined.)

The USM as a whole has bounced back with the main market in the past week (see chart) and there is no sign of any loss of enthusiasm for it. The Stock Exchange reports that there are about 15 companies in the process of applying to have their shares quoted on the USM and merchant banks and brokers are also busy preparing prospectuses.

"I think the USM has withstood its first real test," one banker said. "Some of the shares took a pounding, but you could still deal in them. And a lot of the froth has been removed from some of the prices."

Shares of some of the computing services companies that were trading at fully taxed earnings multiples in excess of 30 only three months ago have come off significantly. Business Computers (Systems) shares, which stod at 110p in July, are now at 88p. Consultants (Computer and Financial) have come back from 115p to 84p in the same period. Star Computer from 200p to 183p and Zygal Dynamics from 96p to 78p.

Property group Trust Securities has been one of the major casualties, falling from a high of 382p earlier this year to a recent 240p.

As in the main market, these declines have not been related to negative developments within the companies but rather to a general rerating of shares and to the shortage of buyers.

The marketability of USM shares was severely restricted during last month's decline, and many of the shares tumbled on very little volume. For example, there is normally a ready market in blocks of 10,000 to 15,000 shares of property developer Thames Investment and Securities but last month it became very difficult to deal in quantities any larger than 2,500 and the spread between offering and selling prices widened to 15 points. Thames shares fell from 208p on September 1 to 148p this week.

It is impossible to know how many USM introductions or placings were shelved last month. Saxon Oil's decision to defer was noticed because the company had planned to announce its move from the rule 163 (2) market to the USM on Monday, September 28, the day the FT-30 index lost nearly 30 points before lunch.

One broker, when asked directly about postponements, replied, "Well, yes and no. Things do get held back, but there are a number of factors that come into it."

The flow of new entrants to the USM has noticeably slowed. Until last month, there had been a steady flow of about three or four placings from new entrants per month, but in September only London Private Health Group braved the poor omens and its sponsors appear to have had a struggle keeping the shares above the 28p issue price.

Other recent entrants have fared much worse. Willaire, the rejuvenated Lontrim, began trading on August 28 at 15p and subsequently plunged to 7p. Ceramic tile distributor Ramus Holdings was launched early in August at 100p, rose briefly to 103p before the bearish mood developed and then fell to a low of 88p last month.

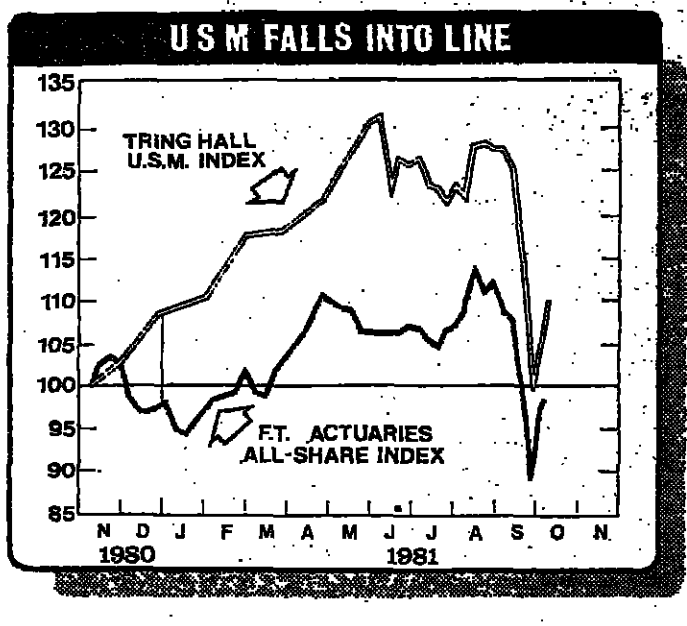
Meanwhile, a steady flow to the USM has developed of companies whose shares were formally traded under rule 163 (2). The Stock Exchange has served notice that dealings under rule 163 will be restricted after December 7.

One of the latest companies to announce its move from the 163 market to the U.S. is Asprey, the Bond Street jeweller. Its shares have risen from £30 to £40 since the announcement of doubled 1980 profits and a bonus issue of preference shares last week. Even after the proposed four for one ordinary scrip, the ordinary shares will almost certainly be the heaviest in the USM.

As the USM approaches its first anniversary next month, it is perhaps still too early to judge its success. But it has survived a few mishaps and last month's shake-out. Perhaps more important, the Tring Hall Index suggests that the USM as a whole has fared about a tenth better than the FT-Actuaries All-Share index in the 11 months to date.

Mr Christopher Poll of stockbrokers Charles Stanley, who compiles the Tring Index, points out, however, that the gap is narrowing. He believes it will continue to do so as the number of companies in the USM grows.

USM FALLS INTO LINE



A slight shake

MANY small investors seem to have been shaken last month as share prices in the UK and elsewhere moved sharply lower. Enthusiasm for equities, however, does not appear to have been unduly dampened by the September shake out.

These are the tentative conclusions of an early look at last month's sales figures submitted to the Unit Trust Association by unit trust management groups.

A major boom has taken place in unit trust sales during the first eight months of this year, with net new investment (new money minus units redeemed) already comfortably higher than the previous record annual total. Average monthly sales so far in 1981 amount to around £85m, average monthly repurchases (units cashed in) to around £37m and average net new monthly investment to around £48m.

Official figures which will be published next week are expected to show that sales of new units in September were around 18 per cent lower than the average for this year. But the experience of most management groups suggests that repurchases last month were about 30 per cent up on the 1981 average.

On the basis of these estimates net new investment could work out at about £20m, which would be down on the typical level of previous months this year but comfortably above the worst expectations of some who were predicting a net outflow from the industry.

A large number of unitholdings these days are controlled by financial advisers and, although unit trust managers often complain when these intermediaries move large chunks of money out of their funds, they seem to have been a stabilising force on this occasion (at least from the managers' point of view). Most reports in the last couple of weeks that the selling has come from unitholders on their own account, many of whom (sadly) had only recently had their first taste of the stock market.

It is, nonetheless, a measure of the unit trust industry's marketing success this year that management groups should still have been able to record a net inflow during a month like September. In 1979 (particularly) and 1980 unit trusts were frequently unable to pull in money to cover the funds which were seeping out and would have been in a far weaker position to withstand the events of the last few weeks.

Tim Dickson

How borrowing could be trouble

LIFE insurance brokers who are members of the British Insurance Brokers Association (BIBA) will receive a warning in the Association's October Bulletin next week to be careful when discussing personal loan facilities to directors holding Executive Pension Arrangements. It states that such loans made to members of Executive Pension Plans who are also directors of the contracting company, may be an infringement of Section 49(4) of the 1980 Companies Act.

The Bulletin goes on to point out that this Section outlawed arrangements whereby loans are made to a director of a company by a third party in return for some benefit from the company. What the Bulletin does not do, however, is warn brokers that infringement of the Companies Act is a criminal offence, punishable by imprisonment.

The Bulletin then refers brokers to Section 53(3) of the same Act which stipulates that any person who procures a company to enter into a transaction or arrangement knowing or having reasonable case to believe that Section 49 was thereby being contravened would be guilty of an offence.

It advises brokers to check with insurance companies that any loans that might be offered in conjunction with EPPs do not contravene Section 49.

Insurance intermediaries will have to take this seriously since the current vogue is to offer personal loan facilities on such arrangements. Some life companies have already made this facility available, though Hambro Life is just entering this field as its latest Bulletin explains. The main herd of linked life companies is expected to follow the Hambro Life lead.

The past 12 months have seen the introduction and the growth of loan facilities on personal pension plans for the self-employed (as distinct from executive schemes). They have proved to be the best selling aid for such contracts ever devised and almost all life companies have been forced to offer them in order to stay in the market.

The loan terms given by some life companies on self-employed plans are generous by banking standards. The right to a loan is automatic, interest can be rolled up and the loan need not be repaid until retirement.

Such loans can be used by the self-employed either for business or for personal use and it is therefore not surprising that the same sort of facility was sought for directors on Executive Plans, though whether the initiative came from the directors or from the insurance salesmen is not clear.

Loans to controlling directors, however, are subject to the Companies Act 1980, whereas there is no corresponding legislation for the self-employed. Herein lies the root of the trouble.

The addition of a loan facility on EPPs needs the approval of the Superannuation Funds Office of the Inland Revenue to ensure that the security of the underlying pension is not being jeopardised. The scheme also has to comply with the 1980 Companies Act. The major difficulty is that whereas life companies can get a straight yes or no from the SFO they cannot get a similar rubber stamp from the Department of Trade. They therefore have to satisfy themselves that their schemes are compatible with the Companies Act 1980 and with insurance legislation.

As a result life companies have been getting counsel's opinion on setting up and marketing personal loan arrangements. Hambro Life, as would be expected, has gone deeply into the legal aspects, first getting counsel's opinion on the implications and then having its procedures and documentation legally cleared as far as is possible.

Not surprisingly, counsel's opinions given to various life companies differ. The consensus would appear to be that the EPP must be set up for the sole purpose of providing a pension for the director, plus the other benefits allowed by the Inland Revenue. The advice is that if the EPP is sold for the sole or main purpose of obtaining a loan for the director, then the Act could be infringed. Given the use of the loan facility as a major selling point for self-employed pensions, this feature needs to be taken very seriously by intermediaries.

To be absolutely safe, they should not even mention the loan facility until the sale has been completed and the SFO approval obtained. This is like leaving a child in a roomful of sweets with orders not to touch so intermediaries are going to clamour for clarification on this point as soon as possible.

There should, moreover, be no connection between the pension contributions made by the company to the life company and the loan made to the director. Thus loans to controlling directors have to be on commercial terms (thus cutting out automatic granting) and from funds quite separate from the pension funds. Hambro Life as part of its lending policy has mortgage funds available and it is from these that loan applications will be considered. Crown Life makes the loans from its life company funds, while the pension contributions are paid into its pension company.

Michale Oppé, secretary-general of the LOA, stated that the association was well aware of the problem and the matter could well be raised at the next meeting of member companies at the end of the month.

BIBA is certain to come under pressure to act from some of its members.

Eric Short

A sterling hedge

CURRENCY FUNDS have proved to be one of the most popular ideas recently and following the pound's slide against the dollar this year—with more modest falls against continental currencies—certain managers have been busy this week showing off their performance.

Demand for a sterling hedge is apparent from the success of the N.M. Rothschild Old Court International Reserves. Set up in the middle of last year it has pulled in a staggering $90m and claims to be attracting more than $1m a week.

The fund actually consists of 10 separate funds in 10 separate currencies and while these are managed in the relevant money markets the investor himself has to decide which one to choose. Rothschild only offers a discretionary management service to those with more than £100,000.

The vehicle is certainly easy to operate—it works like a deposit account and the minimum investment is only £100—but while Rothschild claims informally to have guided many of its customers into the right currency, investors have to do their own switching. It has proved popular with companies as an alternative to the forward currency markets with individuals safeguarding their holiday funds.

Most of the new funds on the market, however, are designed so that the managers make the decision when to move currency. Merchant Investors set up a life company fund for this purpose in May but most of the others are, like Rothschild's, based offshore.

Guinness Mahon is so pleased with its International Fund that it has acquired a Stock Exchange listing. In the 16 months since the fund's launch (to end September) the capital value has increased by 35 per cent and original investors have had an historic dividend yield on the original price of 12.3 per cent.

The fund is planning to increase its Deutschemark and yen exposure and is also thinking hard about investing in bonds which it is empowered to do.

Britannia's Managed Currency Fund has also done well and in its first 12 months has shown a capital increase of around 16 per cent and an historic dividend yield of 14 per cent.

T.D.

The American way

AMERICAN-STYLE management charges—high by past UK standards, in other words—seem to be creeping into the unit trust world. Since Government controls on charges were lifted at the end of 1979, the "going rate" has become 5 per cent on the initial sum invested and an annual ¾-1 per cent on the value of the assets.

This week, Fidelity International Management, part of the Fidelity Organisation of Boston, launched a new Japan Trust with a 1¼ per cent annual charge which can be varied between 1 and 1½ per cent subject to three months' notice. Fidelity is not alone at this level—GT's Technology Trust, for instance, charges 1¼ per cent, per annum—and even if it was Mr Richard Timberlake, Fidelity International Management's management director, would not be concerned.

"It is a quasi-performance fee," he explains. "If we do well we will put it up but if the fund does badly we will definitely revert to one per cent. Results are much more important than charges and we would like to have introduced a performance fee as we have on our offshore funds. The Department of Trade, however, would not allow it."

Fidelity, meanwhile, is hoping to cash in on its reputation in the Far East and boasts a local office of 15 Fidelity trained Japanese nationals. The offer price of its offshore Pacific Fund has increased ninefold since the launch in 1969 and its offshore Far East Fund, which has been going since November 1979, is up 49 per cent.

These days, though, there is no shortage of authorised funds with a good record in Tokyo while overseas unit trusts have proved less popular in the second half of this year as a result of the pound's weakness.

* * *

This could also be a problem for the TSB Trust Company which is launching a Pacific Unit Trust this weekend and an American fund before the end of the month. The TSB unit trust operation has quietly grown from nothing in 1968 to become the 6th largest management group—an amazing performance considering it has up to now only had three fairly middle of the road funds.

The secret, of course, is that more than 90 per cent of the funds are linked to insurance policies which are marketed by a big sales force and through the bank's extensive branch network.

The TSB in recent years deserves plenty of marks for imagination and innovation but it still has to prove that it knows anything about overseas investment.

* * *

Big is beautiful in the investment management game these days—Fidelity and the TSB, for example, both have substantial financial muscle—and it was no surprise to hear this week that Craigmount Investment Management (formed by four Tyndall group employees) is being taken over.

A European consortium bank Société Financiè Européene SFE-Luxembourg (SFE) is acquiring a 70 per cent stake and plans to develop a worldwide asset management operation with the help of its new subsidiary. Mr Ken Renton, managing director of Craigmount and Brian Banks, formerly Jim Slater's unit trust lieutenant, branched out with a handful of colleagues at about the same time (May and November 1978 respectively). With Banks recently teaming up with Dunbar, it is a sign of the times that they are now no longer on their own.

YOUR SAVINGS AND INVESTMENTS—3

Jeff Brown looks at the brighter bourse

A late April in Paris

THE PARIS Bourse is seldom a dull place, and readers of the overseas financial columns will have noted sparks of bullish excitement recently — in curious contrast to the gloom and *doom pervading stock markets* elsewhere around the world.

"Stockbrokers swamped by buying orders as investors stampede" were among the more puzzling headlines in last week's newspapers. Have the French not heard of the flight into money assets? What about their new Socialist Government and the way it is undermining the economy?

It is not that record real interest rates have yet to grip the French investment imagination. Quite the contrary given the yields of around 20 per cent available on the bond market. Simply, the government's massive nationalisation programme has now got to the stage where *it is making profound adjustments* in the market place.

Almost all the banks and major slabs of industry are being taken under the state wing. Shares in the companies concerned were suspended from trading in the early part of September. By the time stock market dealings resumed three weeks later it had become clear that the government's takeover terms were more generous than originally expected.

Compensation is to be based on a *combination* of average share price values (50 per cent), net asset values (25 per cent) and average profits multiplied by ten (25 per cent). The upshot has been a big jump for a number of individual shares as prices have recovered to almost match estimated compensation values.

Companies like chemicals group, Rhone-Poulenc, the *diversified* engineering, glass and electronics giant, Saint Gobain, and Thomson-Brandt, the electrical group, are currently trading significantly above their suspension prices. Rhone-Poulenc is showing a gain of 31 per cent, and the average for the three is around 25 per cent.

The compensation legislation *has yet to be fully drafted into* the statute book and in the meantime the Bourse is a volatile place awash with rumour and speculation. The new Government is retaining the equity investment tax incentives that did so much to fuel the 1978-80 boom, but ominous cracks have begun to appear in the structure of the French economy, and many investors — especially foreign investors — have been taking the ir profits.

French shares virtually doubled in the 18 months to mid-1979 and the market still had plenty going for it over the ensuing year and a half. Over the period, New York fund managers remained cautious, but London was known to have committed sizeable funds.

All this has changed since the early summer when the French electorate placed a Socialist Government firmly in power. The Bourse *immediately* went into a nose-dive, shedding a third of its value in a month. There has been a degree of recovery since, and the market is presently a fifth above its June low point for the year. But the upset has plainly shaken long-term investors.

The Paris Bourse is small by world standards. It has a market capitalisation that is less than a quarter of the size of the London equity market, and old, bad habits like poor marketability have again become apparent. Run on a system of matching buyers with sellers, it is far from fluid when prices start to slide.

After falling in 1980, company profits have shown themselves to be in better shape this year, and dividend payments have tended to be generous. The current market dividend yield *of around 9 per cent* is at the top end of its historic range. But for the foreign investor, currency factors are a deterrent.

The franc has been showing marked weakness, and this week's re-alignment within the EMS may yet prove only a temporary stop-gap. The new Government is pushing ahead fast with a major programme of reflation and the attendant strains are building fires under the French inflation rate.

Of course, Paris will always have its attractions. It is a major European investment centre, and unlike its rather more stodgy rival — Frankfurt — *it offers the chance to back a* wide range of interesting, small companies. Bigger groups with major foreign operations, like Air Liquide and Moet-Hennessy stand to do quite nicely out of currency weakness.

But right now even the most romantic francophiles are best leaving it to the professionals.

A crumb of home comfort

AS BUILDING SOCIETY borrowers smart at the news of more expensive mortgages from November 1—to nobody's great surprise it was announced yesterday that the rate will be pushed up to 15 per cent—first-time *buyers* can perhaps draw some comfort from the Government Homeloan Scheme.

First announced in December 1978 the scheme offers those borrowing to buy a house for the first time a tax-free cash bonus up to £110 and an interest-free loan of £600—provided they save for at least two years.

TABLE A
HOMELOAN SCHEME
CASH BONUS

Minimum Savings held during the 12 months before applying for benefits (£)	Cash bonus (£)
300–399	40
400–499	50
500–599	60
600–699	70
700–799	80
800–899	90
900–999	100
1,000 or more	110

TABLE B

Region	Current max. qualifying house price (£)
Greater London	29,100
South West	22,900
East Anglia	21,400
South East	26,000
Northern	17,500
Yorks/Humberside	17,100
North West	19,000
East Midlands	18,400
West Midlands	19,500
Scotland	20,800
Wales	18,800

Surprisingly (since there is *nothing to lose by applying*) the response has been poor. Building societies generally do little to promote the scheme's virtues preferring, as every high street shopper will have noticed, to plaster their windows with advertisements for the latest term share or deposit account.

That could well change. Many societies are now privately worried that *the latest twist in the* interest rates spiral could quickly check demand for home loans and—for a few months at any rate—leave them with an embarrassing surplus of funds. Mortgages, not deposits, will need to be made more enticing.

The banks could well find themselves in the same boat and Barclays Bank for one *obviously recognises* that the Government Homeloan scheme adds a bit of extra spice which as far as it is concerned costs nothing.

This week Barclays announced that it has just become a qualifying *lending* institution for the purpose of the scheme.

The procedure is remarkably simple but requires foresight by those wishing to take advantage, or perhaps their parents.

To qualify it is necessary to save for at least two years with a participating *savings* institution (building societies, banks, etc) *but it is essential to notify* them at the outset on form HPA 1. Existing savings accounts are usually acceptable as long as they are not contractual savings schemes or current accounts.

Other conditions require that one full year before applying for the bonus at least £300 must have been saved; *then throughout the year* immediately before the application a minimum of £300 must at all times be kept in the account. *If these conditions are met the* saver will qualify for the minimum tax free bonus (£40) but as table A shows the larger the amount left in the account the bigger the bonus. This, of course, is in addition to any interest paid by the savings institution in the normal way.

The conditions for the interest free loan are the same with one important difference —there must be at least £600 in the account when an appli*cation is made. The £600 loan* is then added to the normal amount borrowed but there is a five-year "holiday" before this money has to be repaid. After year five repayments are increased to pay off the £600 (and interest) over the remainder of the mortgage term.

An important condition of both benefits is that the price of the property must not exceed a value laid down by the Government. These change from *time to time (and have done* so recently—see table B).

Tim Dickson

From African gold to American growth

MINING

KENNETH MARSTON

South African gold share prices have so far fought this year to a draw and one reason for this is that the shares continue to offer a high return on money invested with dividend yields in double figures. The market has certainly outper*formed the gold price, although* the latter has also done better than seemed likely at the beginning of our gloomy summer.

The fall in the dollar price of gold has not been matched *to the same extent by the re*duction in sales revenue received by the mines. This is because the rand has fallen in value against the dollar and so the mines have received more rands for their gold sales which are made in dollars.

This point has been again illustrated by the first of the September quarter gold mine profits announced this week by the producers in the **Consolidated Gold Fields** group.

While the dollar price of bullion fell 15 per cent, to an average of $420 per troy ounce, from that of the previous three *months, the rand equivalent* received by the group's mines was only 3 per cent down.

Of course there are other factors to be taken into account, notably the rise in working costs which in the September quarter amounted to some 6.5 per cent as the full impact was felt of the earlier wage increase. On balance, the average net profits of the mines in the quarter have come out not too badly with a fall of just on 11 per cent.

One mine to have achieved an increase in its profit has been the young **Deelkraal**. The better performance reflects the fact that the mine's technical problems are now being overcome *and the improved production* raises hopes that Deelkraal will return to the dividend list in December after having missed out *in June following the* maiden dividend declared six months earlier.

South African gold still provides the major part of Consoli*dated Gold Fields' earnings and* in order to diversify into other growth areas the London group raised £181m via a rights issue last November.

A major target is to buy between 25 per cent and just under 50 per cent of the big **U.S. Newmont Mining** natural resource group which earned $196m (£103m) last year.

So far, Gold Fields has made sharemarket purchases of 8.1 per cent of Newmont for $125m, *equal to $59 per share, and must* wait until October 15 before it can buy more.

This week the U.S. Federal Trade Commission, which keeps an eagle eye on matters involving the country's anti-trust laws has decided to take no action at this time against Gold Fields regarding Newmont purchases, but reserve the right to do so in the future.

Gold Fields is thus seeking *shareholders' approval to make* further purchases of Newmont and in anticipation of this shares of the latter have moved up to $65. Assuming that there is no blocking action taken by the FTC the ultimate holding to be acquired by Gold Fields will probably depend on the price to be paid. At $60 a stake of 49.9 per cent would cost $774m.

But the 8.1 per cent already acquired for a not unreasonable price represents something of a *coup for the London group.* As Gold Fields says, Newmont is "a world-wide natural resource-based organisation which would greatly strengthen and widen the asset base and future earnings potential of Gold Fields." Presumably, it could do the same for other, smaller, investors.

In last year's much criticised sharemarket "dawn raid" the South African **Anglo American-De Beers** group acquired just under 30 per cent of Gold Fields. This holding was subsequently put into the South African group's Bermuda-registered **Minerals and Resources Corporation** ("Minorco") as part of an injection of some $800m-worth of assets.

Minorco is now the Anglo group's major merchant venturer outside South Africa. Among other things, it holds 27 *per cent of the U.S.* **Engelhard Minerals and Chemicals**, a major commodity trader and a leading refiner of precious metals.

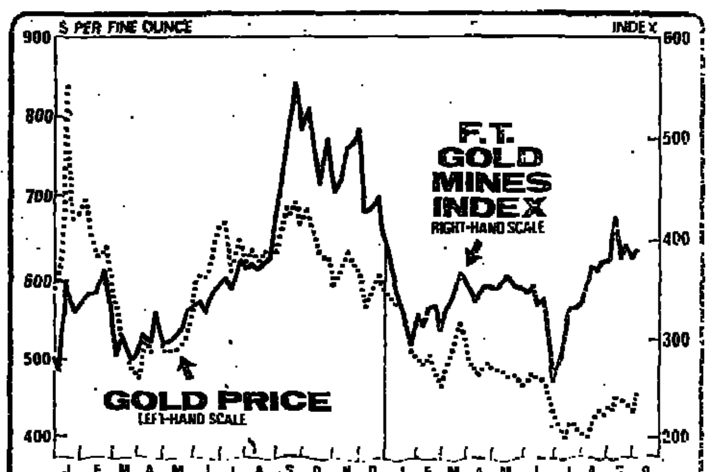
The latter has split into two companies, **Phibro Corporation** and **Engelhard Corporation**. Recently Phibro merged with the "go-go" Wall Street investment banking firm of Salomon Brothers in a $550m deal. "Rather exciting opportunities . . . I was rather thrilled by it" is the comment of Mr Harry Oppenheimer, chairman of Anglo.

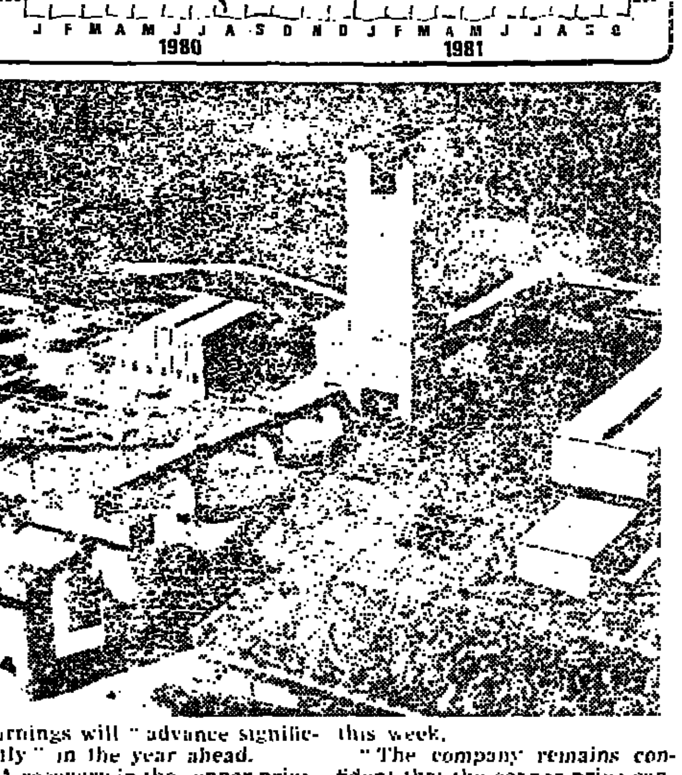
Minorco also holds 36 per cent of London's **Charter Consolidated**, 44 per cent of the Canadian **Hudson Bay Mining and Smelting** base metal group, *50 per cent of* America's **Inspiration Copper**, 50 per cent of **Inspiration Coal**, 50 per cent of **Terra Chemicals** and 10 per cent of South Africa's **Anglo American Investment Trust** which, in turn, has a 27 per cent stake in the **De Beers** diamond giant.

In the Minorco annual report just issued, Mr Harry Oppen*heimer admits that the com*pany's earnings from operations for the year to June 30 of $28.2m fell $4.6m short of the forecast. But it is expected that earnings will "advance signific*antly" in the year ahead.*

A recovery in the copper price would make a good deal of difference to Anglo's North *American interests and, indeed,* those of many other companies. On this subject, the **Rio Tinto-Zinc** group's big **Bougainville Copper** has whistled in the dark this week.

"The company remains confident that the copper price cannot remain at the present level for a sustained period and look *forward to a strong recovery* when the turn-around comes." At all events, many observers are looking for better prices next year.





PROPERTY

American dream

BY JUNE FIELD

THERE WAS a splendid topping-out party for over 400 people at the Residence on Madison in New York City the other Thursday, and although there are obviously no interior decorations, with no front door on yet, the 34 elegant apartments in the 18-storey condominium are already selling well. "If anything, Wall Street fluctuations are pushing money into the bricks and mortar market," say the promoters.

In the sought after Upper East Side, Manhattan, a few blocks along from the Metropolitan Museum of Art ("either you confine your visit to the rooms that particularly interest you—or you stay forever" my indispensable *Berlitz Travel Guild New York* reminded me), quality units still attract a strong European market, the strengthening dollar being con-considered a good advertisement for investment. The latest apartments, designed by architect Thierry Despont, are being promoted on an elite appeal as "a limited edition," with "high ceilings that are ideal for art collectors." If you are short on *objets d'art* to put on the 9½ ft or 13½ ft high walls, then you can just pop downstairs to the gallery that is being incorporated into the building, or to Arts Asia, in the same block on 81st Street or to any of the numerous galleries in the neighbourhood. Prices for a studio *pied à terre* are around $268,000, and from $486,000 for a two bedroom, two bathroom tower-apartment with balcony, all including air-conditioning, electronic security, resident superintendent and 24-hour concierge.

Manhattan's property market over the last three to four years has been called "tumultuous, incorporating amazing growth from a bleak and unrelieved *depression to unprecedented heights*." Mr Edward Lee Cave, chairman of Sotheby Parke Bernet International Realty Corporation, agents for the new apartments, told me: "By early 1980 buyers were truly dazed, money was tighter than ever and to borrow a term from the stock market, a 'technical correction' set in; the market had risen too fast for too long. Sales declined dramatically, prices stabilised or drifted downwards. Now there is a more controlled surge in prices, with affluent new arrivals looking for accommodation in safe, secure surroundings."

Sotheby's takes 10 per cent commission on sales, half of which goes to the local agent, who is always brought in on out-of-town deals, and marketing is mainly through a glossy brochure, describing in detail the environment and items such as maintenance charges and real estate taxes. This is sent to world-wide contacts and can cost the seller anything up to $5,000, deductible when a sale is made.

Mr Lee Cave says he turns down nearly half the places he is offered, either because the timing is not right to sell, the asking price is too high, or the accommodation is not up to standard. "It is not a question of size, but quality," he insists. "We expect a property to be in top-class condition before we can offer it to discriminating buyers."

If you want to live in the country, Foxfields, between Billericay and Stock in 5½ acres in Essex, is an English country house built traditional-style nine years ago. There are 5 bedrooms, heated swimming pool, three loose boxes and a paddock. Offers in excess of £200,000 are being invited by Mr John Gibson, Savills, 136 London Road, Chelmsford, Essex (0245 69311)

For a glimpse of the American dream, from a fishing camp in Maine to a French provençal house in Maryland and a retreat in the Blue Ridge Mountains, there is the highly professional colour book, *Sotheby's Distinctive Properties*, £5 post free from Mrs Hazel Otway, Sotheby, 34-35 New Bond Street, London, W1, who will also pass on serious property inquiries (for buying or selling) to Mr Lee Cave at Sotheby's, Corporate Headquarters, 980 Madison Avenue, New York, NY 10021, U.S.A.

For more popularly-priced properties overseas, Montpelier International has also produced an attractive colour guide, *International Leisure Property*, to promote their latest exhibition at London's Piccadilly Hotel on Wednesday and Thursday, 10—9. Inevitably it is a bit of a glowing travelogue wrapped around what a variety of developers they represent are offering in resorts in Australia, the Bahamas, Florida, France, Greece, Mexico, Portugal, Spain, and Switzerland; but there is also some pertinent information from Montpelier's sales people concerning property terms and taxes. But as regulations and their interpretations are liable to sudden change, everything should of course be checked on site and with a local lawyer. The guide is 50p post free from Kristina Von Merveldt, Montpelier International, 17, Montpelier Street, London, SW7 (01-589 3400).

Going it alone

MAKE THE beds, polish the furniture, tidy the house, open the curtains as wide as possible, and cut the grass; on the "For Sale" board say if there is a garage, particularly if it is tucked away at the back, and for the broadest possible exposure send a copy of the sale particulars to the personnel manager of any large firms in the district. The current sticky middle-market housing scene with high interest rates making purchasers reluctant to take on higher mortgages and incur bridging loans, means that house-sellers have to pull out all the stops.

This is some of the sensible basic advice given in Mr Julian Maynard's *Sell Your House Without An Agent*, a modest little booklet that is worth studying as a check-list when you first consider putting your home on the market, whether you decide to go it alone or not. And the author quite rightly recommends that if you have a large country house in 40 acres likely to fetch £150,000 you should certainly instruct a specialist firm of estate agents.

While there is no reason why any property buyer or seller should not attempt their own legal work (the Royal Commission on Legal Services found no objection to the layman doing this), it is a great pity that so much of the advice given to those aspiring to do so should be prefaced by what amounts to abuse of solicitors.

There are various publications to study. The recent *Bradshaw's Guide to DIY House Buying, Selling and Conveyancing* now has an excellent companion volume, *Bradshaw's Guide to House Conveyancing for Sitting Tenants*, written specifically for council, new town and housing association tenants who have the right to buy under the new scheme. And there are adult evening classes at Further Education Centres in Hampshire, which began last month, partly based on solicitor Mr Michael Joseph's book *The Conveyancing Fraud*. The course of 10 classes, with Mr Peter Seaman a computer programmer, as tutor, who says that he has been involved in 40 conveyances, covers the whole process from draft contract to completion and after, explaining convenants and easements, mortgages, the Land Registry and so on.

● Kingfisher Business Guide *Sell Your House Without an Agent*, 90p plus 55p postage from Malcolm Breckman, Malcolm Stewart Books, P.O. Box 265, London N3 2QF; details on whether there are still any vacancies in the Conveyancing Classes for stamped addressed envelope from Mr R. P. Seaman, Barn Close, Compton Street, Compton, Nr. Winchester, Hampshire, or St Thomas Further Education Centre, Winchester (0962 4118); The Bradshaw Guides to *DIY House Buying, Selling and Conveyancing*, and *House Conveyancing For Sitting Tenants* £2.50 each including postage from Joseph Bradshaw, Castle Books, Westhill Road, Blackdown, Leamington Spa, CV32 6RA.

CHESS AND BRIDGE

KORCHNOI's poor start at Merano should serve to galvanise the competitive energies of youngster grandmasters, ambitions to challenge Karpov for the world title. An international ranking list is due for publication in January, 1982 and if Korchnoi continues to do badly this month he may well lose enough rating points to be deposed as World No. 2.

Thus the annual Interpolis tournament now in progress at Tilburg, Holland, where the top GMs apart from Karpov and Korchnoi are gathered, has gained in significance.

Another event matching potential challengers was the four-man Oude Meester Grand Prix in Johannesburg in August. South Africa's suspension from FIDE (the World Chess Federation) has deprived its players of normal international chess contacts, so local organisers have filled the gap by special invitation events with European and American masters.

The first Grand Prix in 1979, a runaway win for Korchnoi, was a travelling tour with rounds in Pretoria, Durban, Cape Town and Johannesburg, but this year the entire play was at a single site. It was Korchnoi's final preparation for Merano and his form was ominously uneven. Results (each player met the others four times) were Andersson (Sweden) 7, Korchnoi (Switzerland) and Hubner (West Germany) 6½, Nunn (England) 4.

Korchnoi won his individual series against Andersson and Hubner, but lost twice to John Nunn after oversights.

It was the 1980 British champion's first experience of a super-tournament, and this brilliancy compensated for his low total.

White: V. Korchnoi.
Black: J. D. M. Nunn.
King's Indian
(Johannesburg 1981).

1 P-QB4, N-KB3; 2 N-QB3, P-KN3; 3 P-K4, P-Q3; 4 P-Q4, B-N2; 5 B-K2, O-O; 6 N-B3, QN-Q2; 7 O-O, P-K4; 8 Q-B2, P-QR4; 9 R-Q1, PxP; 10 NxP, N-B4; 11 N4-N5, R-K1; 12 B-N5 (a source of his later troubles. The bishop soon retreats, losing a move), B-Q2; 13 P-B3, N-K3; 14 B-K3, N-R4; 15 B-KB1, P-KB4! (seemingly risky, but well judged); 16 PxP, PxP; 17 B-B2 (17 QxP? N(3)-B5 loses a piece), R-KB1; 18 P-KN3, N-B3; 19 QxP? (falling for a deep trap), N-N5!

Now Black either wins the queen or regains the pawn with a strong attack: (a) 20 Q-Q3, N-K4 and NxP ch (b) 20 Q-B2, RxP (c) 20 Q-R5, N-N4! 21 PxN, B-K1; 22 Q-R4, N-B6 ch forking king and queen.

20 QxN (N4), N-N4; 21 Q-R5, B-K1; 22 QxN (if 22 Q-N4, P-R4; 23 Q-R4, NxP ch again wins the queen), QxQ; 23 NxP, RxP!

Nunn plays the attack with great energy. Much weaker is 23 . . . R-B1? 24 N-K6.

24 NxR, RxB! 25 KxR, Q-QB4 ch; 26 K-N2, BxN; 27 N-B7 (for if 27 PxB, B-B3 ch; 28 K-R3, Q-R4 mate; or here 28 R-Q5, BxR ch; 29 PxB, QxBP wins both rooks), B-N3! 28 N-Q5, B-K5 ch; 29 K-R3, BxP; 30 QR-N1, Q-B7; 31 RxB, QxR; 32 N-B4, B-B4 ch; 33 P-N4, Q-KB7! 34 Resigns. If 34 PxB, Q-B6 ch.

Korchnoi's own attacking verve won the quickest game at Johannesburg:

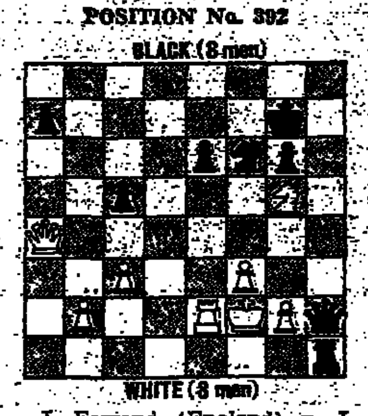
White: V. Korchnoi.
Black: R. Hubner.
Queen's Indian
(Johannesburg 1981).

1 P-Q4, N-KB3; 2 P-QB4, P-K3; 3 N-KB3, P-QN3; 4 N-B3, B-N2; 5 B-B4, B-K2; 6 Q-B2, N-R4; 7 B-Q2, P-Q4; 8 PxP, PxP; 9 P-KN3, O-O; 10 B-N2, N-KB3; 11 O-O, R-K1; 12 N-K5, P-QR3; 13 Q-N3, QN-Q2; 14 QR-Q1, P-QN4; 15 NxQP! KNxN; 16 B-R5, N2-B3; 17 P-K4, R-QB1 (If the Q4 knight moves, White plays NxKBP followed by N-R6 dbl ch, Q-N8 ch and N-B7 mate); 18 R-B1, NxP; 19 BxN, P-N3; 20 R-B6, N-B3 [illegible] 21 NxB and 22 BxQ. 21 NxBP, QxP; 22 N-N5 ch, K-R1; 23 B-QB3. Resigns. If Q-Q1 24 N-B7 ch or if Q-Q2; 24 RxP.

LEONARD BARDEN

POSITION No. 392

BLACK (8 men)

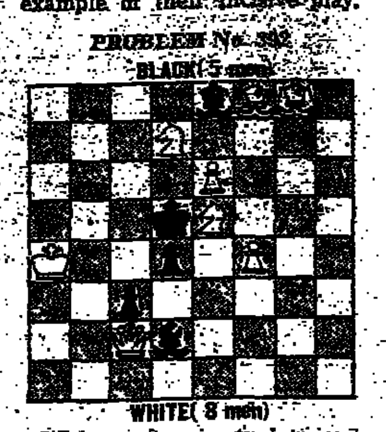


WHITE (8 men)

J. Farrand (England) v. J. Tisdall, (U.S.), Manchester Benedictine 1981. Black to move; how did he win quickly? The young U.S. masters impressed on the English summer circuit of Lloyds Bank and Benedictine and this is just one example of their incisive play.

PROBLEM No. 392

BLACK (5 men)



WHITE (8 men)

White mates in two moves, against any defence (by C. Mansfield, 1933).

Solutions, Page 16

TODAY'S example hands come from *Trump Technique* by Alec Traub. This book greatly impressed me, and I urge my readers not to miss it. I do not know the price, but whatever it costs, it will be money well spent. You can obtain a copy from Bibliagora, PO Box 7, Hounslow, Middlesex.

We start with *Work's Manoeuvre*:

	N	
	♠ K J 6 4	
	♡ A 5 3	
	◇ K Q 5 4	
	♣ Q 3	
W		**E**
♠ —		♠ 9 5
♡ K Q J 10 6 4 2		♡ 9 8 7
◇ A 7 2		◇ 10 9 8 6
♣ K J 8		♣ 10 9 5 4
	S	
	♠ A Q 10 8 7 3 2	
	♡ —	
	◇ J 3	
	♣ A 7 6 2	

North dealt at game to North-South and opened the bidding with one no trump, South replied with three spades, and West competed with four hearts. North raised to four spades, and South made a slam suggestion with five clubs. North said five hearts, which was somewhat optimistic—he is on the light side for his opening bid—and South went on to six spades.

West led the heart King, declarer correctly played low from the table, and ruffed in hand. He drew trumps with King and Ace, and led his three of diamonds. This is *Work's Manoeuvre*. Milton Work was the great authority of the auction bridge era, and inventor of the Milton Work Count, which we use today.

By leading the low diamond, South confronts West with one of two losing options. First, if he plays his diamond Ace, he establishes three diamond tricks for the declarer, and these, added to the heart Ace, will provide discards for South's club losers. Secondly, if West plays a low diamond, dummy will win and cash the heart Ace, on which South discards his remaining diamond. Then declarer ruffs a heart, and leads a low club towards the Queen. West makes his King, and that is the end of the story. Even if West does not hold the club King, declarer can concede one club, and ruff two clubs in dummy.

This coup has been re-named—it is now known as *Morton's Fork*—after the iniquitous tax formula of Henry VII's Lord Chancellor:

	N	
	♠ Q J 3	
	♡ 10 8 5 2	
	◇ K 4 3	
	♣ Q 4 2	
W		**E**
♠ A 8 6 2		♠ K 10 9 7 5 4
♡ A 9		♡ —
◇ Q J 9 8		◇ 10 2
♣ A 8 5		♣ J 10 9 6 3
	S	
	♠ —	
	♡ K Q J 7 6 4 3	
	◇ A 7 6 5	
	♣ K 7	

With East-West vulnerable, West dealt and bid one no trump, East replied with four spades, and South came in with five hearts. West doubled, and all passed.

West's opening lead was the Ace of spades, ruffed by South, who returned the King of hearts. West won, and switched to the diamond Queen. Taking this with dummy's King, the declarer drew the last trump with his Knave, and led the seven of clubs, presenting West with the *Morton's Fork* dilemma. If West takes his Ace, South later makes his King, crosses to the table with a heart, leads the spade Queen and ruffs East's King, and now both diamond losers are catered for. If West does not take his club Ace, he loses it, because the declarer's seven is discarded on the spade Knave later.

With any lead other than the spade Ace, the contract goes down. Even after this lead good defence should have defeated the declarer. When West takes his trump Ace, he should lead another spade, and East must duck. This forces South to take his discard before he is ready for it, before he knows what the right discard is.

E. P. C. COTTER

هكذامن الأجل

LEISURE

هكذا من الأجمل

Part of Carcassonne, France's best preserved medieval fortress town

Another Côte d'Azur

EVERYONE knows the South of France: its Provence, the Côte d'Azur, the Riviera. But that south eastern section pressing Italy is less than half the story. From the wildnesses of the Camargue westwards down to the Spanish border is a sweep of coast offering some of the best beaches and newest resorts in France. Inland is Languedoc which has a history which is much older than the Greeks, who founded trading ports here, or the Romans who followed them.

In the early 1960s the French Government decided to develop the coastal region. While the over-crowded Côte d'Azur to the east and the Spanish Costa Brava to the south were already attracting millions of tourists, the stretch in between, regionally known as Languedoc-Roussillon, received less than 300,000 mainly local visitors. The simple reason for this lack of interest was mosquitoes which thrived in the swamps and lagoons. They have now been eliminated and replaced by around 3m tourists who are catered for in six new resort complexes built on the reclaimed land.

The resorts are quite different. La Grande Motte to the east has apartment blocks shaped like pyramids; further along at Cap d'Agde the architects have re-created a traditional local port; at Port Leucate the accommodation is mainly patio houses. But they aim to cater for the same kind of visitors—those seeking sun, sea and sand; plus some leisurely boating. In fact the objective is to keep in France those foreign visitors who in the last two decades have rushed on through to Spain. Prices are lower than on the Côte d'Azur—a four course meal in a quayside restaurant is priced at around £5; a studio *for two in high season starts at* £100 a week—and there are few inhibitions: nudity is almost *de rigeur.*

The attraction of Languedoc-Roussillon is that while it can offer a completely relaxing and idle holiday with a guaranteed climate and much French sophistication, anyone bothering to go a few miles inland has a very different experience.

Having fulfilled its objective in popularising the beaches the French Tourist Board is now promoting the interior. This has always been the main wine producing area of France. A century ago the best wines could hold their own with those of Bordeaux and Burgundy: then came a decline. Now the local growers are making strenuous efforts to improve quality, and to show off their successes, and are keen to cater for wine tours by the coachload or the individual visitor. A week winding down at Cap d'Agde followed by a week on a plotted wine route in the region makes a nicely balanced holiday.

Communication is easy, speeded along by the autoroute which cuts through the region close to the coast. Then a turn

TRAVEL

ANTONY THORNCROFT

off on one of the marked wine routes will bring you quickly to the higher land towards the Cevennes where the better wines are produced. Of particular interest are the wines of Minervois, a small region of foothills, archeological sites, and decayed castles. The inn at Caunes Minervois, a historic village, is 14th century, serves excellent meals with the strong local red wine and has half a dozen genuine looking rooms at £6 a night.

Further south Tautavel, another small village, has a progressive co-operative producing, among other wines, the sweet Riversaltes. Next door to the winery is a museum devoted to Tautavel Man—the 400,000-year-old skull was discovered in a *nearby cave which each year* produces more evidence about the first recognisable men inhabiting Europe. From Tautavel westwards, stopping off at Carcassonne, the best preserved medieval fortified town in France, you come to Limoux, which was producing a sparkling wine long before Dom Perignon took the secret to Champagne: the Blanquette de Limoux is *now becoming very popular as* a cheap alternative bubbly, it has just taken British orders for 1m bottles.

A feature of the wines of the region is their variety. Courbière produces powerful reds while a few miles away towards Perpignan and the coast is one of the major sources of sweet Muscat wines, both red and white. A few years ago accommodation would have been a problem—few of the villages have hotels. But now the region is well served with *gites*—farms or barns or cottages that have been converted into holiday homes. A small *gite* can cost *two people not much more than* £30 a week in summer and the cost for a capacious farmhouse is rarely above £80.

If you want something more luxurious than a *gite* but less austere than a beach apartment there are coastal villages in Roussillon which are as charm*ing as the Costa Brava*—and with better food. The prettiest is undoubtedly Collioure, close to the Spanish border, and very Catalan in speech and outlook. This is where Picasso spent his holidays and close to the central beach, in the shadow of the dominating castle, is the restaurant he favoured, the walls heavy with original paintings. Collioure is surrounded by vineyards, and for relief from the sun baked beaches a drive inland towards the Pyrenees would soon bring a more refreshing climate and some spectacular views. Castelnou, where the houses cling to the castle with no new developments for over 500 years, not only demands a visit but also offers the best kind of local cooking, snails a speciality, in its tiny restaurant at £5 for four courses.

Information about Languedoc-Roussillon—wine routes; *gites;* coastal developments—can be obtained from the French Tourist Office in Piccadilly, London W1. Cot and King is planning wine tours in 1982. Dan-Air flies to Montpelier, capital of Languedoc, and Perpignan, the touring centre for Roussillon, and organises packaged tours based on Collioure, Cap d'Agde and Montpellier.

A new Triumph

IT WAS EARLY September but the West Country was enjoying a late holiday boom. The sun blazed down on an azure sea. The queue for the floating bridge over the Dart was of mid-summer length.

I tucked my "secret" Triumph Acclaim, its badges carefully taped over, into the line of holidaymakers' cars and waited for the ferry—and the questions. The ferry came but the questions didn't. If any one of the motorists in the queue or on the ferry had wondered what the anonymous car was, they weren't sufficiently interested to find out. Probably they assumed from its looks that it was a Honda. And, of course, they were right.

The Triumph Acclaim isn't a Triumph at *all* but a *Honda* Ballade made under licence. BL are rather coy about it in their sales literature. Go into a Triumph dealer and ask for a colour brochure. Nowhere in its 24 pages will you find a mention of the words Honda or even Japan.

Yet to my mind, the Honda link should be highlighted, not concealed. *It is one of the* strongest arguments to be made in the Acclaim's favour.

BL likes to talk about Triumph's image of sporting efficiency but the truth is that the *marque* had lost its way. The TR sports cars which *carried on the sporting image* started by the pre-World War II Dolomite went out of production years ago. Recently, the Dolomite name was carried by a ragbag of superannuated saloons that had greater appeal for pensioners than the rally jacket brigade. And the TR7 was fading after it had failed to catch on in the U.S.

There is nothing in the least sporting about the Acclaim; which is simply a small-to-medium size family saloon, but an excellent one even so. I for one shall be surprised if it doesn't do for BL's mid-range market share what the Metro has done lower down the scale.

The Acclaim comes in three versions, HL, HLS and CD. Mechanically, all are virtually identical. They have a four-cylinder, 1,335cc engine with a belt-driven single overhead camshaft, cross-mounted and driving the front wheels through as nice a five-speed gearbox as it

MOTORING

STUART MARSHALL

has been my pleasure to use for a long time. Overall gearing is quite high. In fifth, 1,000 rpm *equals almost 20 mph and the* Acclaim is silk smooth and very quiet at a motorway 70 mph. Even at 6,000 rpm in the gears, the engine still runs like a Japanese watch. It would happily cruise at 90 mph on the *autobahn.*

The transmission is equally quiet. A semi-automatic is available. It consists of a three-speed gearbox and hydraulic torque converter. You can leave it alone and enjoy lazy though leisurely motoring, or shift to low for better acceleration, overdrive high for fast cruising with less fuss and lower fuel consumption. But the two-pedal Acclaim has a lot less bite than the manual. Urban cycle, steady *56 and 75* mph fuel consumptions are (semi-automatic in brackets): 32.8 mpg (32 mpg), 48.8 mpg (42.1 mpg), and 34 mpg (30.5 mpg). Acclaim drivers can expect 40 mpg averages if they have some regard for economy; and the engine demands only two-star petrol.

Rack and pinion steering is light and positive though sensitive to a little front-wheel drive reaction during hard acceleration. The all-independent suspension by combined coil spring and damper units gives a level, comfortable ride. Wind noise is moderate even at the highest speeds and tyre thump is muted.

Inside, everything is standard Honda. The rev. counter (red lined at 6,000 rpm) and speedometer are above the steering column and in uninterrupted view: so are the fuel and radiator temperature gauges and the warning lights. The wiper switch is on the left, the combined lighting and turn indicator switch on the right. There are four face level vents with ample output and a lidded tray for parking meter money. Unusually, a knob on the central console adjusts headlamp level to compensate for a boot full of luggage.

Pricing is keen. The HL costs £4,688, the better equipped HLS £4,988, and the posh CD £5,575. *That makes the cheapest* Acclaim cost less than the Metro HLS, the dearest less than an Escort Ghia 5-door. Semi-automatic transmission is £299 extra.

BL make the body shell of the Acclaim and all the soft interior trim. With British-made tyres, battery, and some minor mechanical parts, plus the cost of painting and assembly, 70 per cent of the price of the Acclaim stays in Britain. The remaining 30 per cent goes to Japan, from which Honda supply the engine, transmission, suspension, and fascia. They also supply what must be the least expensive air conditioning system available here; in the HLS and CD models only, it adds £448.50 to the price.

Who will be attracted to the Acclaim? Anyone who would have liked a Japanese car but had pangs of conscience about buying one is an obvious buyer. I think it may also tempt owners of Ford Escort Ghias and perhaps VW Jettas to make the change. *In fact,* any buyer seeking a small, well-made, nicely-finished and lively four-door saloon for private or business use could find the Acclaim a natural choice.

BL will supply HL and HLS Acclaims to EEC countries; the CD is for Britain only. Our European partners may mutter about Honda being a Trojan Horse; perhaps it is. But BL could not have found a better company to link with. The Acclaim has the quality, even the sophistication, so conspicuously lacking in BL's mid-range products in recent years.

The Triumph Acclaim; a mid-range car of quality designed by Honda and built by BL from a mix of British and Japanese parts

Nursing hyacinths

THE COMMON garden hyacinths, all derived by breeding and selection from a single species named *Hyacinthus orientalis* because it grows wild in the Middle East, are numbered among those bulbs that enjoy a fairly long period of rest and respond badly if any attempt is made to start them into growth prematurely and too fast. Many of the bulbs that are offered for sale each autumn have been specially prepared for early flowering, which could mean anything from late November to some time in January, but the earlier part of that period is best left to professionals with the necessary equipment. Most amateurs should be content with the more modest *endeavour to obtain flowers in* sunny rooms or greenhouses some time in January.

These "prepared" bulbs will already have been through a quite complicated temperature treatment after being lifted but even so, when re-potted, will require at least another eight weeks at a temperature of 9 deg C or less before they are brought into a warm room or greenhouse. It can be quite difficult to maintain such a low temperature in September but relatively easy by October which is why. I usually advise rather late planting for hyacinths.

Temperatures can be kept low by artificial means such as plunging the pots to their rims in a bed of moist peat or sand in a cool place such as the north side of a building or fence. The slow evaporation of water from the peat or sand lowers the temperature a few degrees, the principle on which the old-fashioned earthenware butter coolers worked. This is excellent provided the pots have drainage holes or the whole plunge bed has some kind of cover to keep off rain, but is useless for undrained bowls which quickly become waterlogged if left unprotected outdoors. The right place for them is a cool cupboard or shed in which a similar cooling effect can be obtained by wrapping each bowl in moist newspaper and maintaining *this damp covering* until the natural temperature is sufficiently low.

For ordinary hyacinths, purchased to grow and flower outdoors, there is really nothing to be gained by planting before October and it can even be left until November without harm. Failure with hyacinths is often due to some change in temperature during the period they are out of the ground (it could be due to their being stored too close to a ship's boilers) or to being hurried along too rapidly after potting or replanting. Flower spikes may then emerge only to collapse mysteriously and wither away.

None of this appears to apply

GARDENING

ARTHUR HELLYER

to hyacinths which are left to grow outdoors year after year. Quite why this is so I have never understood but I know from experience that it is true because I invariably plant out my pot or bowl grown hyacinths and thereafter leave them to look after themselves which they normally do quite satisfactorily for years, flowering each spring quite freely. It is the lifted and dried bulbs that require care. Those naturally grown seem to make their own adjustments.

No such problems apply to grape hyacinths which, though quite closely related to the common hyacinth, are classified in a separate genus named *muscari. There are quite a lot of* them but nurserymen concentrate on three or four kinds of proven garden merit. The most popular of all is *Muscari armeniacum,* a little plant of quite indestructible vigour which can spread by self sown seedlings until it makes wide unbroken carpets of blue in mid-spring alongside the daffodils. The flowers are small and closely packed in short spikes and they make a really good display. At one time this little plant always appeared labelled Heavenly Blue, a name which suited it well, but I have not seen this listed for a long time, its place being taken by Early Giant which does not seem to differ *significantly.*

The one fault of *Muscari armeniacum* is that it can spread a little too freely, becoming almost a weed which has to be curbed rather than encouraged. This is unlikely to happen with *M. botryoides* which resembles it closely but does not seed so freely. It has also produced a delightful pure white variety named Album which is the one most likely to be seen on sale. It is an ideal companion for the blue kinds though, if planted with *M. armeniacum,* care must be taken to ensure that it does not get overrun.

Muscari tubergenianum is a highly distinctive grape hyacinth much like the others in habit but with a flower spike in two sharply contrasted shades of blue, the top half pale, the bottom half dark for which reason it has been called the Oxford and Cambridge *grape hyacinth. It is not in*vasive and is an ideal plant for rock gardens or raised rock beds.

Much the same is true of *Muscari comosum plumosum* (or *monstrosum* in some catalogues) but for a very different reason. This remarkable plant, popularly known as the feather hyacinth, has long, very *narrow petals forming a large,* loose, plume-like cluster.

The stems can be quite long and flop about under the weight of these flowers so that, raised up on a rock ledge, they are seen to best advantage. This is not a plant to grow in large drifts like the smaller grape hyacinths but rather to be planted singly or in small groups so that its highly distinctive style can be fully appreciated. It is completely sterile and so never spreads by seedlings but is increased by occasional division of the bulb clusters, best done in July or August.

The summer hyacinth is much larger than any of the foregoing and most closely resembles the spring hyacinth. In fact it was once named *Hyacinthus candicans,* indicating its relationship to that plant, but is now universally known as *Galtonia candicans.* Its stiff flower stems are about 3 ft tall and the narrowly bell-shaped, ivory white flowers dangle from them in loose clusters. The whole effect is much more open than that of an ordinary hyacinth and the flowers do not begin to open until July and may continue until early autumn, the quite *handsome leaves remaining* green even later.

The Scotch Whisky industry is going through one of the most difficult periods in its history. Both home and overseas markets are slack—the prey of recession and changing tastes.

Few signs of recovery in the offing

BY GARETH GRIFFITHS

THE SCOTCH whisky industry has had a disappointing year, with adverse market conditions across the world and almost savage production cuts at home in the distilleries of Scotland.

Mr John Cater, chairman of the Distillers Company and ex officio leader of the industry, said in his annual report last month that the company had suffered at home a declining market, a savage increase in duty and a failure to get any concessions on duty deferment. Overseas the U.S. market had gone through a disappointing year and the recession had encouraged the growth of low-priced Scotch whisky brands in the Continental European Economic Community. Parallel trading had thoroughly disrupted the Japanese market, he said, in a litany of adverse facts on the economic health of the industry.

The Scotch Whisky Combine, a group of Scottish trade unionists, similarly repeat the unpleasant facts about the state of the whisky industry. Last year it shed some 2,300 jobs or 9 per cent of the total workforce and the industry has continued the slim down with prospects of further cutbacks next year.

At home Scotch whisky consumption fell 10 per cent last year and this year is expected to show a similar decline.

The problems for the whisky companies are exacerbated by the time scale on which their industry operates. Under law, Scotch must be at least three years old and most matured whisky sold is five years old or more. This means that stocks have to be laid down well in advance and sales forecasts have to be made several years in advance by companies so as to know what stock to lay down.

To add to the stocking problem, most whisky sold is blended and the age of blends can vary enormously. The calculations for stock projections therefore can be as complicated as the Department of Environment's almost incomprehensible formula for assessing block grant for the local authorities.

A mistake either way can mean the Scotch makers are left with considerable surplus stocks or sometimes considerable deficiencies. In the post-war period the makers had generally assumed that growth of Scotch would run at an average annual rate of 10 per cent. This has now been scaled down to some 4 per cent a year but the events of the past two years — Scotch exports down by 5 per cent in 1980 and 4 per cent in 1979 — mean that the industry is left with considerable surplus stocks.

At the same time interest rates throughout the world have risen sharply, with a marked increase in the real rate of interest companies pay once inflation has been discounted.

This combination has presented the industry with a need to offload whisky fast, often at below cost prices. Companies have needed to protect their cash flow positions, particularly if they do not produce a well-known brand.

The industry's cash flow, however, is likely to be improved next year by the payment of some £60m in production refunds from the Common Market. The money is compensation for whisky makers having to buy dearer EEC grain for use in products which are exported outside the community. The money will be distributed by the Ministry of Agriculture and indications from the whisky companies suggest that blenders as well as the distillers will be paid.

There has also been a reduction in capacity usage and last year the Scotch Whisky Association — the industry's trade association—estimated that in January the distillers were working at 55 per cent of capacity and 72 per cent of bottling capacity, compared to 82 per cent in each case a year previously. Since then, the position has got worse, with no real upturn expected until 1983.

Mr Raymond Miquel, chairman and managing director of Arthur Bell, the most successful company in the home market, said last month that the increasing number of cheap whisky brands was damaging the industry's future.

Wood MacKenzie, the Edinburgh stockbrokers and among the most acute of the industry's observers, suggest that "the rush by companies to develop low-price commodity products is an extremely dangerous one for the future profitability of the industry. As a result of the softness of demand and the interest generated for low-priced low-margin items, there is a growing concern that the market will simply not stand up to a price increase next year—leaving the way open for the Chancellor, none the less, to impose a further rise in duty."

The UK market has now polarised, with premium-priced bands with a relatively high degree of consumer loyalty such as Bells and The Famous Grouse doing well and cheap brands such as DCL's Claymore or in-house supermarket brands such as that marketed by Tesco also. But middle-priced brands such as Long John or Haig are being squeezed.

Heavy discounting has set in. The whisky companies have always discounted to large customers and the industry was surprised when DCL refused to discount Claymore. But the size of discounts has increased and Victoria Wines, the Allied Lyons retail subsidiary, forecasts the most competitive Christmas ever in the whisky market and it will "not be the retailer who is making the discounts."

To add to its domestic travails, the industry expects far greater competition in the public houses when the tie between brewers and public houses over products except beer is broken, probably in two to three years' time. The on-trade accounts for 50 per cent of the British market, a considerably higher proportion than elsewhere. Brewers such as Whitbread Grand Metropolitan, Allied Lyons and Scottish and Newcastle all have large whisky interests.

For most companies with the exception of Arthur Bell, what matters though is export business. Margins are higher and in most companies the way to the top of the sales division is through overseas work rather than work in the UK.

The news that cheap whisky is now reported on sale in Belgium is likely to cause more headaches in the industry than such sales in Bootle. Scotch has always been helped by its up-market image and cheap sales undermining brand loyalty cut at that image.

This explains the industry's bitter detestation of parallel traders, which it views as parasites. It has had problems with cowboys in the past, such as the black marketeers in the early 1950s or those people who took advantage of the surplus stocks in the early 1970s. One of the reasons advanced why Scotch has not taken off in West Germany despite massive efforts is because a lot of cheap very bad Scotch was sold there in the early 1970s by such traders.

The overseas markets are dominated by the U.S. and Europe. The picture in each is different. The U.S. now accounts for under 30 per cent of Scotch sales and the prospects look bleak, with no growth at best. Western Europe looks encouraging, with barriers against Scotch such as discriminatory taxation and advertising bans being attacked by the European Commission.

The adversity has, however, brought some changes in the industry which will be beneficial in the long run. There is a more professional approach to management and companies are tougher in their attitude to both markets and distributors. Stock levels are now reassessed every three months at DCL, whereas before 1978 the checks were only made once a year and export markets are looked at once a month by most of the industry.

At the same time the gut feeling of most of the industry's senior executives is that growth will be resumed—albeit at a modest 4 per cent increase but one which is itself considerably above forecasts for recovery in the rest of the economy. But real recovery of demand in the industry is not expected until 1983.

WORLD MARKET FOR SCOTCH

(proof gallons m)

BY PRODUCT TYPE	1973	1974	1975	1976	1977	1978	1979	1980	1973 % of total	1980 % of total
Bottled malt	0.6	1.0	0.8	1.0	1.1	1.2	1.7	1.5	—	1
Bulk malt	6.2	7.1	8.0	8.0	8.4	9.6	9.4	9.0	7	8
Bottled blend	69.1	78.0	76.5	82.5	80.2	91.4	90.9	85.0	74	74
Bulk blend	17.5	18.7	21.1	18.6	19.2	21.8	19.1	19.9	19	17
Grain	0.2	0.2	0.3	0.4	0.3	0.3	0.3	0.4	—	—
Total	93.6	105.0	106.7	110.5	109.2	124.3	121.4	115.8	100	100

BY GEOGRAPHICAL AREA	1973	1974	1975	1976	1977	1978	1979	1980	1973 % of total	1980 % of total
U.S.	32.9	37.4	34.5	32.5	31.4	36.2	33.1	28.9	38	27
Europe	18.9	20.3	22.4	24.7	25.2	28.3	29.2	27.9	22	26
UK	15.4	17.4	16.3	18.7	15.5	18.8	20.2	19.4	18	18
C. and S. America and Caribbean	6.0	7.1	8.6	8.6	9.4	11.6	10.3	11.0	7	10
Australasia and Canada	4.8	5.0	5.0	4.9	5.7	5.7	4.7	5.2	6	5
Far East	4.7	5.0	5.5	5.6	5.5	6.2	6.6	6.2	5	6
Middle East and Africa	4.5	5.6	6.2	7.2	7.3	7.3	7.6	7.8	5	8
Total	87.2	87.8	98.5	102.2	100.6	114.2	111.7	106.4	100	100

Source: Wood Mackenzie.

Hints to serious drinkers

Q & A GUIDE

ROBERT COTTRELL

What is Scotch whisky?

There are in fact two basic types of Scotch:

a) the undrinkable. Generally distinguished by rather striking claims on the label. "King Edward VIII Scotch whisky—brewed by the King himself in the Kitchens of Buckingham Palace" is one variety which I believe enjoys some popularity in South-East Asia. Other readily recognisably characteristics are a "nose" which would shame Cyrano de Bergerac, and a "follow-through" like that of Jack Nicklaus. Avoid naked lights in the vicinity of your glass.

b) the drinkable. It is with these whiskies, brewed variously in the Highlands and Lowlands of Scotland, Islay and Campbeltown that the serious drinker should concern himself.

What are the constituents of a good Scotch?

The primary constituents of a bottle of good Scotch are £4.08 excise duty, around £2 of retail and wholesale profit, and a nugatory sum represented by the liquid itself. From a chemical viewpoint, the things which go into Scotch apart from money are cereals, malt, and yeast. It is the "rising" of the yeast which gives many regular whisky drinkers the curious sensation that they are floating between six and ten inches off the ground. The cereal is what makes Scotch such an excellent breakfast food. Apart from that, there is nothing in it but water.

Does drinking Scotch harm one's mental faculties?

Obviously not—as the following quick test will show. Go into any pub and ask a random group of people whether they remember when Scotch was less than £3 a bottle. From the accuracy of the answers, you may actually wish to conclude that the stuff is actually a sharpener of one's recollective faculties.

What does "ageing" mean, when applied to Scotch whisky?

It refers to the condition which will result if the drinker consumes more than half of the bottle in question. An "eight-year-old whisky," for instance, will reduce one to the mental level of an eight-year-old child. And so on.

How does one tell the difference between various brands of Scotch whisky?

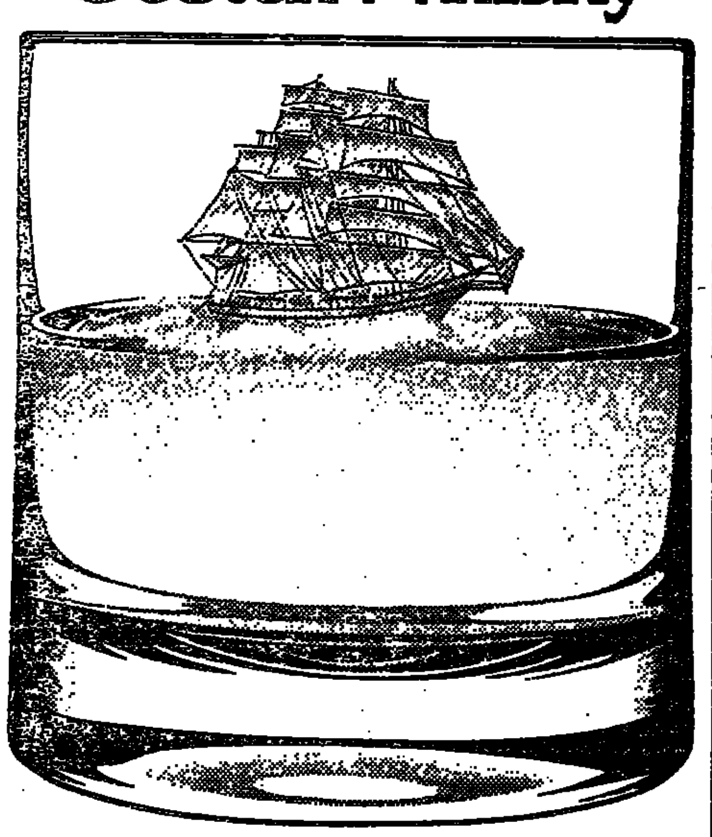
Normally the price. Another rule-of-thumb is an elimination technique. Go into a pub and ask for a single Scotch. The one to which the barman instinctively turns will be the worst and most overpriced which he has in stock. Refuse a succession of alternatives until you are left with the last available brand, which will be the best in both taste and value.

How well does Scotch mix with ice?

About as well as the Titanic.

What are the best Scotch-based drinks?

Among those recommended by the Scotch Whisky Association are a "Scotch Horse's Neck"—lemon juice, angostura, Scotch and ginger ale—so called because of the similarity in taste. The Whisper—two parts Scotch, two parts French vermouth, two parts Italian vermouth, ice—is so called for reasons which will become obvious after drinking. Likewise, the Earthquake—gin, Scotch, and anisette. But the simplest and best mix is of equal parts Scotch and water—and be sure to use a lot of water.



Complicated cycle of distilling, maturing and blending

PRODUCTION

GARETH GRIFFITHS

THE WHISKY INDUSTRY has made great play over the years with its romantic image. Scotch is a product that has become synonymous with Scotland yet remains one of the few really international drinks. The industry's affairs are mainly a mixture of financing and marketing but the distilling pedigree goes back to the 18th century when distilling first became a major industry in Scotland.

The term whisky is derived from the Gaelic *usquebaugh*, a translation of the Latin *aqua vitae*. It first gained legal recognition in a Scottish Parliament Act of 1555. But it was not until the commercial development of distilling in the 18th century that an export business was developed with England.

The basic division of malt whisky into the Highland malts — ie, those from an area north of an imaginary line drawn from Dundee in the east to Greenock in the west — and the Lowlands, south of that line, derives from customs legislation of the late 18th century. The division remains with two smaller categories. Islay malt whiskies come from the island of that name and Campeltown whiskies come from Campbeltown in the Mull of Kintyre.

There are two generic types of whisky — malt and grain. Malt whisky is made with the use of large copper pot stills in an intermittent operation, the still being recharged every time a distillation is completed. The malt whiskies are made from malted barley and usually take longer to mature than grain whiskies. The Scotch Whisky Association puts the number of pot still distilleries at work in Scotland at 116, the vast majority of them above the Highland line.

The grain distilleries received their great impetus in the early 19th century with the development of continuous distilling and the invention of a still to allow this by Mr Aeneas Coffey in 1830. Grain whisky is made from malted barley and unmalted barley and maize. There is a tendency for the grain distilleries to be larger in size than the malt ones, so that although there are only 14 grain whisky distilleries their output is considerably higher than that of their malt counterparts.

In 1980 malt whisky production was some 176.4m litres of pure alcohol (lpa) compared with almost 238m litres for the grain sector. The fall in malt production was also considerably more pronounced than for grain as distillers cut back output in face of a slump in demand.

Malt whisky production, for example, was 12.6 per cent down on the 1979 total of nearly 202m lpas compared to grain whisky, which declined some 6 per cent from the 1979 figure of 255.1m.

Most malt and grain whiskies are used for blending. But there has recently been a development of the single malts market aimed at the premium end, where its proponents see considerable room for expansion. The number of single malts bottled is now about 60, double the figure ten years ago.

Grain whisky is used almost exclusively in blending and the market for grain whisky sold on its own is insignificant, even in Scotland. Only one grain whisky is available as a single —Choice Old Cameron Brig from the Distillers Company.

The proportions of malt whisky to grain in blends vary from one to another but there is a general assumption in the industry that most brands contain 40 per cent malt and 60 per cent grain. This has an impact on the required stock levels needed in the industry as well as on the quality of the product. The higher the percentage of grain the more down-market the product is. Blending has been dominant in the industry since the 1860s.

An individual blend can consist of up to 50 different malt and grain whiskies. The type of blend depends very much on the individual blender at the blending houses and a discerning nose to sense the different qualities of each component is highly prized in the industry.

Tastes for whiskies differ. Lighter whiskies have been more popular in the U.S. and colours there have also tended to be lighter. This is in contrast to the market in Australia where successful whiskies are much darker. Cutty Sark, for instance, recently decided to darken is colour as the light colour of the existing product is seen as a constraint on volume.

The single malt category is still very small though—an estimated 2 per cent of the market. But there has been a move towards heavy brand concentration, with Glenfiddich produced by William Grant and Macdonald Martin's Glenmorangie holding about a fifth of the total market.

At the same time prospects for single malt exports look promising. A symposium of the malt distillers in June suggested that malt whisky exports are likely to grow at an annual rate of between 8 per cent and 10 per cent over the next five years.

A survey published in February last by the Austrian Consumers Association of the 41 brands available in Vienna showed that of the top 12 brands, the malt content ranged from 39 per cent (Cutty Sark, J and B and Ballantines) to 54 per cent for Johnnie Walker Black and 56 per cent for William Lawson's eight-year-old.

The official definition of Scotch whisky bears no relationship to the relative proportions of malt and grain whisky in the blend. Instead the definition of Scotch relies on the product originating in Scotland and the newest of the whiskies used in the blend being not less than three years old. Most whisky sold is usually about five years old.

The length of maturation gives rise to one of the main peculiarities of the whisky industry. It operates in two time zones and stocks have to be laid down for marketing conditions several years in the future. Until a few years ago it was relatively easy for the industry to make a general assumption that exports would expand by a compound 10 per cent a year but since the mid-1970s a more restrained approach has set in. A modest 4 per cent overall increase a year for the rest of the decade is the best that most companies hope for.

But the differing ages of maturing whisky under bond in the warehouses and the fluctuations of demand present whisky companies with often horrendous decisions about what stock to lay down and how much stock they can afford to carry. There are dozens of permutations in stock calculations. In a study of whisky stocks last year Dr David Targett of the London Business School suggested, for example, that if sales of an eight-year-old whisky grew by an expected 6 per cent a year, there must now be held in stock volumes of whisky equal to 10.48 times the current sales volume.

The result is that whisky stocks held by the companies can be very large and also very expensive. There is a very small market in whisky speculation and all the principal blending companies finance their own stocks of whisky and buy mature whisky only when they happen to find themselves short of a particular type or make.

Whisky stocks are generally financed by overdraft, the companies' main form of finance. Stock values can represent very large investment. An estimate in the Targett study suggests that DCL had stock worth £450m in the year ended March 1979 and the rest of the industry stock worth £564m.

The case of the Tomatin Distillers Company which sponsored the Targett study is a sad example of the production plight of the industry. Companies have drastically cut back production in an attempt to bring some equilibrium into a situation where stocking levels were too high and likely to continue that way because of over-optimistic sales strategies for the mid-1980s when the bulk of stock to mature was laid down.

The distilleries have borne the brunt of that readjustment, with distilling output running at 55 per cent of the industry's capacity. Wood MacKenzie, the Edinburgh stockbrokers, estimate that distilling output in the first half of the year was 38 per cent less than in the corresponding period last year, with no real recovery until 1983.

Tomatin Distilleries in March had to enlarge its capital by issuing 1.35m new ordinary shares at 115p a share to Heineken NV, the largest Dutch brewer. This gave Heineken a 20 per cent share in the company, and reflected the desperate position Tomatin found itself because of the drying up of distilling orders. Production of new whisky by Tomatin in 1980 was less than half that in 1979 and the position worsened towards the end of the year with a complete drying up of orders.

The Distillers Company, which is virtually self-reliant on whisky fillings for its blends, itself laid off 1,100 workers at 45 distilleries for two months this summer without pay. Other distilleries have been on short time working for most of the year.

The mood of the Malt Distiller's Association of Scotland meeting in Aviemore last week was by all accounts not a happy one. The distillers have very little room for manoeuvre for change in their operations. The fillings market has been very quiet, with falls in the price of whisky fillings last year. At the same time many distilleries have complete technical heating and fuel systems installed in the early 1970s which are very expensive and where the economies have been pursued to the limit. Some distilleries on Speyside nowadays use the hot water to breed trout or heat glass-houses.

The industry has limited scope on further economies in distilling. There are two main arguments against any large-scale redundancies in the distilleries. First, most of them are in small isolated villages, where they offer the only permanent work and so a degree of social responsibility is imposed on the companies. Secondly, the workforce run-down is restrained by the need for warehousemen and the possibility in parts of Scotland that skilled men might be enticed away permanently to the North Sea oil industry.

The industry last year shed some 2,300 jobs, 9 per cent of the total, and predictions from senior management in the main companies is that the process of job loss will continue. Wage settlements in the last pay round were at around 10 per cent and the industry is budgeting on single figure settlements for the current round.

Changes in ownership of distilleries in the industry appear unlikely at the moment. The unsuccessful Hiram Walker take-over bid for Highland Distillers, the subject of a Monopolies and Mergers Commission investigation, revealed the depth of nationalistic political opposition to any further expansion of the North American interests of HW and Seagram at the expense of the independents.

High interest rates combined with heavy stock commitments could, however, cause considerable financing problems for some of the smaller distilleries. Michael Moss and John Hume, in their recently published study *The Making of Scotch Whisky*, conclude that it is probable that the structure of the industry with its capital intensity will continue to concentrate, "resulting in a handful of major groups each with powerful production, financial and brand marketing resources."

RECOMMENDED READING

The Making of Scotch Whisky. A History of the Scotch Whisky Distilling Industry by Michael Moss and John Hume. James and James, Edinburgh. Price £18, 1981.

Scotch. The Formative Years. Ross Wilson. Constable. 1970.

Scotch Whisky—Questions and Answers. Scotch Whisky Association, 17 Half Moon Street, London W1. Free.

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Growing threat to main profit source

THE SCOTCH whisky industry is one of Britain's most consistently successful export industries but one that has had to cope with something of a hangover for the past three years. Exports this year are expected to be at the same level as in 1980, a year which saw a 5 per cent fall in volume on 1979—which in turn was 4 per cent down in volume on 1978.

But the total value of exports last year stood at nearly £747m and whisky sold out of the UK accounts for some 85 per cent of total sales. Companies are able to make larger profits from their overseas sales than from whisky sold at home. Relieved of the need to maintain home sales teams and to fix a benchmark price reflecting higher margins, the profit margins on exports tend to be up to a third higher than in the UK.

Two years ago, in the last Financial Times whisky survey the problem of parallel trading was identified as the greatest threat to world exports. This involved UK sales organisations or traders undercutting the sole distributor or agent by selling brands direct to major overseas outlets.

Parallel trading goes straight to the heart of the whisky industry's export activity for two reasons. It brings into focus first the industry's system of overseas distributors, who normally have as a mark up the same price per case as they are in turn charged by Scotch makers. Secondly it undermines the marketing strategy of the companies and distributors in seeking to sell Scotch as a premium product.

During the past two years the problem of parallel trading has shifted somewhat. The whisky companies, led by Distillers, the industry's giant, have taken tough action against cases of parallel trading. They are limited in their efforts within the European Economic Community because the Commission's Competition Directorate regards parallel trading as a legitimate trading operation.

But the companies have instituted legal proceedings against parallel traders where they can for breach of conditions of sales agreements, although the process is a difficult one to initiate. The amount of whisky slopping around the Community under the control of the parallel traders has probably been cut back. A large part of this was due to Distillers (DCL) withdrawing Johnnie Walker Red Label and Haig Dimple brands from the UK market in 1977 and substantially increasing the price of Black and White, VAT 69 and Dewars' in the UK. The move lost DCL an estimated 20 per cent of the UK market at a stroke but the company felt it worthwhile in order to undermine parallel traders.

Parallel traders rely on situations where it is cheaper to buy well-known brands in the UK and ship them overseas to benefit from the higher selling price. This is now happening

EXPORTS

GARETH GRIFFITHS

in Japan, one of the most important markets for whisky.

The shift of parallel trading to Japan has played havoc with whisky prices in that country and undermined the prestige image of the product. Much whisky in Japan was bought simply because it was so expensive. Now the Japanese consumer, confronted with a wide variety of prices for Scotch, is reverting to domestically produced brands such as those of Suntory. Exports to Japan last year, for example, were down 2 per cent in volume to just under 28m litres of pure alcohol worth some £63m.

While there has been a general squeeze on whisky exports the particularly tough market in Japan is an indication of the destabilising and harmful effects on the industry of parallel trading. There are between 60,000 and 100,000 cases of parallel whisky currently in the system according to informed guestimates in the industry and DCL, for instance, is very worried about developments in duty-free area shipments which could slip into the parallel system.

The present less favourable climate for exports has been reflected in the tougher attitudes companies are taking to some of their distributors. The quality and size of overseas agents vary greatly; DCL alone has some 3,000 distributors in its 200 markets, ranging from Jardine Matheson in Japan and Schenley in the U.S. (Dewars) to small trading companies in the Gulf.

One of the key factors in favour of local distribution is the small market penetration Scotch enjoys in most countries—even in highly developed Western Europe. The whisky share of the West German spirits market, for instance, is 3.5 per cent, in France 5.5 per cent, Denmark 5.3 per cent and Italy 18 per cent. By contrast, in the UK the share is more than 50 per cent. In Peru the whisky share of the drinks market is 0.2 per cent and 0.5 per cent of the spirits market.

Scotch is also prone to economic nationalism because it is a popular high value product. The Scotch Whisky Association argues there are 450 restrictions by governments all over the world on Scotch whisky imports although some in the industry think the list is exaggerated.

Restrictions range from a straightforward ban to state monopolies, prohibition of advertising, permits, date coding for particular markets, foreign exchange controls and registration of importers.

The most buoyant sector of the Scotch whisky export market now appears to be the rest of the EEC. Growth over the next two to three years is assumed to be around 6 per cent and Western Europe has almost caught up with the U.S. in terms of total Scotch market share. The markets have the major advantage of being politically stable, although recent reports of cheap whisky being sold in Belgium could lead to undercutting and a proliferation of cheap whiskies, already common in the U.S. and the UK.

The other bright spot for the whisky companies is Latin America, where growth is forecast at some 7 per cent a year. The area has a marked preference for the de luxe whisky brand with high profit margins. South Africa is also looking promising in contrast to a gloomy outlook in Australia and Canada.

Cost of a nip too much for some pockets

THE KEY question concerning the UK market — the second largest for Scotch whisky in the world—is whether there will be a last-minute recovery in sales as consumers drown their sorrows with drink. Although the industry would dearly love to be able to bring some seasonal cheer, it remains almost certain that whisky sales in the UK this year will finish on a sour note.

Market analysts, most notably stockbrokers Wood MacKenzie, expect UK sales this year to be down by about a tenth on last year's already depressed levels. Sales in the UK market fell by some 4.5 per cent last year.

Monitoring the performance of the industry this year has been hampered by the absence of Customs and Excise withdrawal figures for much of this year as a result of industrial action by civil servants.

But the industry does not really need official figures to tell it how bad the year has been, with short-time working rife among distillery employees. Mr John Cater, chairman of Distillers, told shareholders last month that "the current year had been, and is likely to remain, a difficult one for the company." While acknowledging that the UK market was very depressed, Mr Cater was, however, able to report that Distillers' overall sales in the five months of the financial year to end-August had shown a slight increase on the corresponding period of 1980.

Part of the sales problem for whisky has undoubtedly been the price rises over the past 18 months, both from extra duty imposed by the Chancellor and the need to recoup added costs. The industry lifted its prices by a quarter early in 1980 and by a further 18 per cent a year later, partly in an attempt to give the Government less room to manoeuvre in raising duty.

The Government, however, took little notice and still added an extra 60p per bottle duty in this year's Budget. Just over half the price rises in the past two years have come from increased taxation.

About two thirds of the price of a bottle of whisky paid by the consumer goes to the Government in tax, which has the effect of cramping the marketing and pricing policies of the distillers.

The slump in demand has also obviously been affected by the recession, with consumers having less disposable income to spend on whisky either at home or in pubs.

The distillers have responded by trying to move some of their brands down-market to remain price-competitive with other spirits and to attract supermarket sales. Consequently the brands in the middle price range have borne the brunt of the fall in sales and, so as to compete with the growing number of cheap labels, have been heavily discounted. Thus any growth in whisky sales this year has been concentrated either at the expensive end of the market or at the increasing number of budget-priced brands.

Wood MacKenzie believe that there is growing concern among the industry that the market will not stand up to further price increases next year, either from the distillers or via taxation.

But the whisky industry must also be worried by the long-term trends in the drinks market which do not appear to favour whisky. The three key trends in the market are the growth of women and young people as alcohol drinkers; the move towards lighter flavours and colours; and the emergence

UK MARKET

DAVID CHURCHILL

of the take-home sector led by the supermarkets.

The growth in women drinkers has reflected the trend over the past decade for more women to go out to work and therefore either to drink in a pub or restaurant or be able to afford to buy more drinks for the home. (At the same time the increased sales of drinks through supermarkets has made it socially more acceptable for women to buy drinks.)

The growth in the young drinker also reflects the rising standard of living for young people — until the current recession, that is. Market research carried out by the British Market Research Bureau found that only 12.5 per cent of the 15-24 age group drank whisky (compared with 30.5 per cent for vodka drinkers). The research shows that over 61 per cent of whisky drinkers are male, and nearly 13 per cent of male drinkers consume three or more measures a week, while only 5 per cent of women are in this "heavy" drinking sector.

Heavy consumption of whisky is particularly marked in Scotland where nearly 15 per cent of all adults drink three or more measures a week, well above the national average for all adults of just under 9 per cent.

Whisky drinkers are also spread fairly evenly across the social spectrum. Just under 19 per cent of whisky drinkers are in the AB socio-economic groups — compared with 15 per cent for the population as a whole—while 26 per cent are in the DE groups.

Both women drinkers and young people have also expressed a clear desire for both lighter flavoured and coloured drinks in the past decade—presumably under the impression that such drinks are more refreshing and less alcoholic. This has led to growth in demand for lager, light rums and vodka as well as dry white wine.

It is estimated that over 55 per cent of whisky sales are through off-licence sales, with the remainder through pubs, hotels and restaurants. The pub trade is under increasing threat from the EEC and UK Government's attempts to lessen the tie which enables a brewer to sell his beer and spirits through "tied" pubs.

In the off-licence trade supermarket chains now account for about half the volume of sales, although these are mainly at the lower-priced end of the market.

Campaign to ginger up flagging thirst

THE PROBLEMS of Scotch whisky in the crucial U.S. market were highlighted recently by the decision of the Scotch Whisky Association—the industry's trade body—to launch a $1.5m three-year campaign to make consumers in the U.S. more aware of the virtues of Scotch—the first generic campaign of this kind that the Scotch makers have indulged in.

Sales of Scotch in the U.S. (£181m in 1980) are still worth half as much again as the home UK market. But while they still account for 30 per cent of world sales, their relative contribution to the industry is declining. The scale of the decline is seriously worrying the industry—the general feeling being that the long-term outlook for Scotch in the US is a gloomy one.

Such pessimism was reinforced in the summer by a study of the US market by Edinburgh stockbrokers Wood McKenzie, who have a reputation for producing authoritative work on the industry. Wood MacKenzie concluded that there would be little or no growth in the U.S. market during the rest of the decade. Prospects for growth, particularly in the Sun Belt states, would depend on whether young people, brought up on white mixer spirits like vodka or rum, would revert to more old-fashioned concepts of spirits—notably Scotch.

It is a daunting prospect for the industry. The great whisky boom of the post-war years was fuelled by demand from the American market. At one stage it accounted for half of total world sales.

Now all this appears to have changed, with a fundamental switch by younger drinkers to mixer drinks and latterly to the wine market. The exclusive image of Scotch which previously boosted sales now actively hurts it.

There are three key developments in the spirits industry in the U.S. which have adversely hit whisky.

First is the swing away from whisky-type drinks to vodka and rum, cordials and liqueurs. American-produced whiskies have suffered even more than imported brands. In 1967 American whiskies had nearly half the total U.S. spirits market. Their share has since slumped to under a quarter, with further declines projected. Scotch had a market share of 13.5 per cent of the total sector in 1978 and 1979, according to the Wood Mackenzie survey, with a slight fall to 13 per cent in 1980 and no change in actual volume.

In 1979, for the first time, non-whiskies accounted for more than half of all spirits sales in the U.S. and while whisky sales declined by an average 2 per cent a year in the period since 1972, non-whisky sales improved by 6 per cent a year.

Secondly, demand for Scotch is concentrated in the mid-Atlantic states and California. Scotch appears to be losing out in the south and west of the country, areas where the economy is still expanding. Those traditional bastions of

U.S. MARKET

GARETH GRIFFITHS

Scotch sales, New York and New Jersey, show signs of crumbling, although together they still account for 30 per cent of Scotch sales—with New York City and the surrounding conurbation accounting for some 16 per cent. Scotch sales have been virtually static in these two areas for the past five years.

The Wood MacKenzie report argues that Scotch marketers have failed to spread the geographical limits of their sales efforts and that for Scotch simply to hold on to its present volume this must be done.

Mr Al Farrow, the president of Paddington, the distributors for J and B Rare, produced by Justerini and Brooks Exports (part of Grand Metropolitan), disagrees strongly with such a pessimistic projection. He suggests that evidence from J and B Rare sales points to an increasing market share of the Sun Belt states and that there has been a buoyancy for leading brands.

Thirdly, Scotch has become more expensive compared to other brands. This is due to the UK's high inflation rate, the relative weakness of the dollar over much of the past two years (although most leading UK exporters such as Distillers invoice their U.S. customers in dollars rather than sterling) and an aggressive pricing policy by the rest of the U.S. spirits industry.

The price structure of the U.S. whisky market is in many ways similar to recent developments in the British market, with a marked polarisation between the more expensive and the cheaper brands. Middle-priced brands have borne the strain of the market pressures, with brand owners and distributors forced into heavy price discounting.

The U.S. market is dominated by two marked characteristics, one legal and the other commercial. The commercial characteristic is the degree of brand dominance of the four top selling Scotch whisky brands—J and B Rare, Dewar's, Johnnie Walker Red and Cutty Sark. Together they account for some 40 per cent of all Scotch sales.

The middle-priced brands have been severely hit by the double effect of failing to establish a strong consumer franchise and by their relatively high price. DCL has been particularly badly hit by the pressure on the medium-priced brands and the difficulties Haig has undergone in the U.S. are similar to those the company is facing in the UK.

The second characteristic peculiar to the American market is the existence of control or monopoly liquor states whereby retailing of drink is strictly controlled. This obviously has a serious effect on marketing strategies. The control states account for some 20 per cent of the U.S. market and limitations on drink sales vary from advertising and credit transaction restrictions to point-of-sales controls.

The industry is still very anxious, though, to nurse the American market. The generic campaign, although operating on a tiny budget compared to those spent by the companies (£58m in 1979) and the distributors, will concentrate on trying to get Scotch written about in the large number of up-market professional magazines in the U.S. and also in the more prestigious daily newspapers.

At the same time the industry is launching a Scotch whisky media tour of several large conurbations. The scheme is based on a personality touring the U.S. promoting the image of Scotch.

BOOKS

Osborne's obscurity

BY ANTHONY CURTIS

A Better Class of Person: An Autobiography. 1929-1956
by John Osborne. Faber and Faber. £7.95. 285 pages

What are they so angry about? One used to hear this question asked fairly often in the latter part of the 1950s. Here, taking the first volume of John Osborne's autobiography as a whole, is a kind of answer. It is an illuminating, as well as a consistently entertaining book. Mr Osborne has neither forgotten nor forgiven. Anything. Members of his family, former colleagues, fellow-actors, girl-friends, schoolmasters, wives, all come under the scorching verbal hailstorm of his typewriter. As a hander-out of invective he is in a class by himself unless we include him with Baron Corvo, a writer he resembles only in the delight his sallies will afford everyone but their victims.

Notably his father, who died when John Osborne was a boy, is spared and remembered with affection, and there are one or two others along the line who *are recollected in tranquillity*: a practical joking schoolchum called Mickey Wall with whom Mr Osborne found a substitute family, a foul-mouthed Canadian journalist, Arnold Running, editor of Miller to which Mr Osborne had moved as a cub-reporter after a preliminary stint on the Gas World; and George Devine who hoves into view at the end of this volume in sight of the boat moored at Cubitt's Yacht Basin, where Mr Osborne was then living, to discuss the script of *Look Back in Anger*.

The human material out of which that play, and its successor, *The Entertainer*, was quarried, in addition to some of the later plays, *Inadmissible Evidence* and *A Sense of Detachment* (a particular favourite of its author's), is recreated in this first volume of vivid, trenchant and elegantly written recollections. Mr Osborne helpfully prints relevant extracts from the plays alongside the passages to which they relate. Thus the character of Billy Rice, "a spruce man in his seventies" who "glowed with scrubbed well-being," is partly a portrait of his maternal grandfather, once a publican in Edwardian London.

His father's people came from Wales, but until his early death father worked as an advertising copywriter in Fleet Street, and young John with no brothers, and a sister who died as a child, was brought up in and around the Fulham Palace Road. He writes:

> Fulham Palace Road was the *first identifiable landscape of my life*. A lady to whom I was once married described me without humour or affection as a Welsh Fulham Upstart. *I must say that I didn't mind the description at all.* For one thing, it seemed accurate enough even if meant unkindly.

A lack of any very tangible affection towards Mr Osborne seems to have coloured his childhood. Mother, Nelly Beatrice, who had met her husband when employed as a star barmaid in a pub near the Strand, was far too busy keeping body and soul together *to have time to spare* in which to play ludo with the young lad even if she had had the inclination. She did, though, occasionally take him to the movies *and would recall one or two* celebrated moments from the music hall which came in quite useful later on.

From Fulham they migrated to Stoneleigh in Surrey and John grew up in a house almost totally devoid of books and a school of unremitting philistinism in the fag-end of wartime Britain. What he resented was the unrelieved mediocrity of it all, for which he had a keen nose even then. A compulsive bed-wetter, he manifested all the classic symptoms of the only child. Boarding school in the shape of St Michael's, a *north London school evacuated* to the country, failed to relieve the gloom, or kindle his latent creative fire. He did, though, strike an early blow for non-*conformity by retaliating after* he had been struck in the face by the headmaster. His crime was listening to Frank Sinatra on the wireless. He landed the odious beak one back across the chops, leading to immediate expulsion in a pool of blood and spilt cocoa.

Clearly the only refuge for such a restless spirit was the theatre and sure enough he gravitated there via a dancing teacher in Cheam after a brief foray in journalism under the aegis of trade magazines owned by the House of Benn (Ernest not Wedgwood).

The last section of the book which in a more conventionally-minded author would bear the legend Early Struggle ought to become required reading for any aspirant to a career in acting or playwriting. Mr Osborne's account of working in rep in places like Hayling Island as an ASM and understudy, and leading the retreat when the Customs and Excise Officials moved in to claim the unpaid duty on the minimal number of tickets sold, is absolutely hilarious. So, too, with an even finer cutting-edge is his description of his first great love affair, with an actress in the company. In the rare intervals from coition she encouraged him in his play-writing and they collaborated on a joint work while on a tour of that long-running saga of evacuees, *No Room at the Inn*. After that Mr Osborne wrote another joint work, *Epitaph For George Dillon* with Anthony Creighton, another colleague, and after that *Look Back in Anger* (all on his own) midst the débris of his first marriage. He prints the letter of rejection this script provoked from Kitty Black then working for H. M. Tennant, and he looks forward to its production at the Royal Court Theatre, an event of historical importance with which presumably the next volume will begin. Its publication is awaited eagerly by this reader at least.


Unangry young man: John Osborne aged 3


"This is the Cat engaged to squall"—a xenophobic cartoon directed against Madame Catalini engaged to sing at Covent Garden. It is a detail from one of many splendid illustrations in "The Covent Garden Album" (Routledge, £15.95) by the Earl of Drogheda, Kensington Davison and Andrew Wheatcroft. This handsome book unfolds through a series of historic pictures 250 years of theatre, opera and ballet

Fiction

House of surprise

BY ISOBEL MURRAY

The Villa Golitsyn
by Piers Paul Read. Alison Press/Secker and Warburg. £6.95. 193 pages

The Comfort of Strangers
by Ian McEwan. Jonathan Cape. £5.50. 134 pages

Many Men & Talking Wives
by Helen Muir. Duckworth. £7.95. 156 pages

A Breed of Heroes
by Alan Judd. Hodder and Stoughton. £6.95. 288 pages

The Men's Club
by Leonard Michaels. Jonathan Cape. £5.95. 181 pages

A strange medley of people are gathered together at the Villa Golitsyn in the old part of Nice. Charlie Hope and Simon Milson were younger contemporaries of Willy Ludley at boarding school in the 1950s; and both greatly admired him. Priscilla Ludley has invited them both to stay at the villa *in the hope that they can help* to stop Willy drinking himself to death before he is 40.

Simon, a career diplomat, has an additional reason for his visit: he has been entrusted with a mission by his head of security. Either Willy Ludley or one other committed treason years ago: the other is now in the running for a very important job. It has at last become necessary to know which was the traitor.

Simon, newly divorced and horribly vulnerable, falls for Priscilla Ludley almost immediately. Before he even arrives at the villa he has acquired a companion, a runaway schoolgirl called Helen. Helen is destined to confuse the plot—indeed, one might almost say, to confuse the issue, *because Priscilla conceives the* notion that Helen should have a baby by Willy, since the Ludleys have no offspring.

Confused? Piers Paul Read *has only just started*: his novel is a masterly series of revelations and extraordinary social situations. Back in their school-*days Simon and Charlie both* had a physical relationship with Simon, the first of many with others of his sex. Charlie is now manifestly gay; but, puzzlingly, engaged to be married to an almost offensively sexy American lady called Carmen. To pass the time between drinks, Willy disrupts this relationship.

Here is, in one sense, a spy fiction; in another a complex love story. It is a social comedy produced with grace and sensitivity. *Very well worth reading* on any of these counts.

I find the task of describing Ian McEwan's novel *The Comfort of Strangers* comparably difficult. Like *The Villa Golitsyn* it rests upon bizarre situation and strange revelation, and I don't feel entitled to elaborate too far. *While Read's book was* rich and varied. Ian McEwan's is short, deliberately limited, focused on one situation.

Colin and Mary are not married, do not live together, but have a long-standing relationship, which includes going on holiday together. On the "need *to know*" *principle, strictly* observed, we are told almost nothing more about their pasts.

Within the claustrophobic restraints of this brilliant book, Colin and Mary holiday in Venice, get lost, and meet a man called Robert who is strangely determined to know them. They *also meet Robert's mysteriously* crippled wife, Caroline. All of this is powerfully written. The city of Venice is an important part of the effect.

Robert and Caroline are the "Strangers" of the title, one presumes; and they are very strange indeed. Mary's appalled realisation of the situation and of their shared plans for Colin, her collapse into utter shock, is finely, frighteningly conveyed.

Not all the characters in this week's novels are equally bizarre, but the heroine of the next book, Helen Muir's *Many Men and Talking Wives*, does spray her lover with insecticide. Here we leave hallucinatory horrors and enter, gratefully, a world of social comedy and comic inconsequence.

Verity loses Christopher after her little trick with the insecticide. Her world opens out, and she explores new fields. An *ambiguous close friend*, Rachel, is full of advice, much of it second-hand from her analyst, and she persuades Verity to give up her painting and take a job with a charitable trust.

Much of the fun of the book rises from the Drew Foundation, and the lonely visitors from the *Third World whom Verity is to* assist. Helen Muir has a wonderful sureness of touch which allows the reader simply to revel in the extravagances of the colourful characters. Verity is a complex character, seen here in loneliness, and with a compassion which drives her to distribute leaflets with denunciations of factory farming. The novel makes a successful marriage of moods.

Alan Judd's first novel, *A Breed of Heroes, attempts such* a marriage, but I think it is finally unacceptable. It is a most interesting failure. With personal experience of being in the British Army on duty in Belfast, much of his picturing of conditions, routine, communal mood, is successful. He has tried to combine realism with a comic detachment one might label "school of Waugh": it is seldom convincing. The central figure crucially fails to convince, and this spoils the book.

In *The Men's Club* Leonard Michaels has produced a very accomplished first novel. It is deceptively simple: a group of men turn up at the first meeting of a club for mutual support and understanding, and in the course of a memorable evening each tells part of his life story, usually involving women. The characters become clearer to us through their language and their stories. The comic effect is what one might expect from a long established writer.

Present Islam

BY ROBIN LANE FOX

Among The Believers: An Islamic Journey
by V. S. Naipaul. André Deutsch. £7.95. 399 pages

"*My community*," the Prophet is believed to have stated, "will never agree on an error." In V. S. Naipaul's opinion, it has agreed ever since on a big one: Islam itself. Pitched among the believers in 1979, he spent six months on an Islamic journey. It took him to revolutionary Iran, where Islamic fervour extended to offers of an Islamic carpet-wash. In Pakistan, by contrast, the hope of an Islamic state has flourished in poverty across three decades. From Pakistan "salt hills of a dream," he went east to the racial divisions of Malaysia and the inequalities of developing Indonesia.

He writes of Islam and its impact by reasoning outwards from his individual contacts and conversations. Acquired by chance, they are observed with the wry precision of style and insight which is the mark of literary genius going about its deeply felt business. He begins with a remarkable coup: interviews with a top ayatollah in Qom in 1979, and with the "*hanging judge*" *of the Islamic* revolution. Irresistible though these are, it is a measure of this book that other human encounters are more painful and are felt to be so by their author.

V. S. Naipaul's questioning moves most easily with the man *prised* loose from his social origins, with the gap, so enormous, between English words and local reality, with the tragic impact of a little foreign learning on ideals, self-understanding and the perception of events. Admirers of his art will catch the note of *gentle irony once sounded in his Miguel Street*. Off home ground, he keeps the sharpest ear for the power of English-spoken clichés, those incantations of a modern witchcraft which his brother Shiva faced, not dissimilarly, on his travels in Africa:

"'*Sociologically* speaking,' the son of a Shirazi shoe-seller told me in Iran in autumn 1978, 'I belong with the lower middle class, but intellectually I am of the upper proletariat.'"

Have these distorting concepts had any influence on the Iranian revolution? They are terms which many of Naipaul's interviews use, but I doubt if they lead to the heart of Islam, felt, conceived and upheld in a *different mother-tongue*.

This compelling book is not just a series of brilliant human sketches. For these alone, it is worth anybody's time. But it is also a riveting book about Pakistan. It is also a refrain about the nature and impact of Islamic faith. It raises questions which will not go away, whether values are relative; whether liberals can merely say nothing about an ideology which must repel them; whether there is value in living a lie; what is the relation between a founder's supposed sayings and a religion's duty to obey them in a changed social context; why Islam, the religion of a merciful God and an ethic of unusual compassion to widows, orphans and the poor in the days of its *origins, has stood punishments* of appalling savagery and forced such a tragic seclusion on its women. Vidia Naipaul is profoundly pained by the inhumanity, summed up in the daily whipping-vans which are sent to scout for moral offenders in modern Karachi.

I know no travel-book which raises these issues so powerfully and none, naturally, which is better written. V. S. Naipaul sympathises deeply with his subjects, many of whom grow to like him as a friend. Here, I wish only to question his linking view of Islam, the refrain *of the* book.

Islam, he repeats, has ennobled rage. The rage may be a rage against the West on whom its societies depend so blatantly. It may be rage against a different race, against the Shah, the developing city, the injustices of late twentieth-century life in these lands of low technology. From Iran to Kuala Lumpur, Islam is a revolutionary faith, but its revolution will never be realised. Its ideal is a "purified" society of individuals. It lacks any political authority, legal or economic context or institutional solidity. Only by these realities could the Irans or Pakistans lose their dependent love and hatred of a more developed world. But Islam replaces reality with a hopeless dream.

How many Catholics anywhere have any historical idea of Christian origins or any scriptural grounds for their faith in anything which puts the reform of institutions before or above the reform of an individual's heart? Where Naipaul writes of rage, I would *often prefer to read conscience*.

Individually, I would discount the language of many of Naipaul's interviews. The most obliging are the *déracinés* English speaking youth of the towns, men "only sentimentally Muslims" or the articulate spokesmen for Islamic youth clubs or college seminaries. They have something to say to an interviewer, whereas most of their contemporaries would never try to put feelings into *English words. Throughout the* book, there is next to no sense of how Islam works in a daily social life, why Islamic law and arbitration matter in a small society, why men turn to saints or how they use prayer. "I have only seen one certainty in life," said a famous Muslim mystic, "and that is death." In the world of Islam, death and the after-life deserve more consideration than a mention in *talks with an English-speaking guide*.

In short, this powerful book may move among the believers, but it is too seldom about them. It is a fascinating tour of Naipaul's territory, the educated man in a developing country and the *distortions in his view* of the world. The nastiest journey, he felt, was to a Malay village, out in the rains. There, he met Muslims with no grudge, no rage, no reliability. Back in the E and O hotel, "the constriction in my chest slackened; and in the big dining room where the tablecloths were crisp and the waiters were Chinese, my spirits lightened so far that I had most of a bottle of Australian Riesling." That, as always, is entirely honest, but the blindness to history and social realities is not all, in this book, on the believers' side.

Musical peer

BY RIVERS SCOTT

The Tongs and The Bones: The Memoirs of Lord Harewood
Weidenfeld and Nicolson. £9.95. 334 pages

One wintry morning in 1942, newly commissioned Second Lieutenant George Lascelles, grandson of Queen Mary and the late King George V, executed a smart but over-vigorous left turn on an icy drill *square at Windsor* and crashed spectacularly to the ground.

Sent packing by the doctor, "I went up to Harewood with my massively bruised behind, and for days sat on a rubber ring and moved about as little as possible, time agreeably *spent going through old copies* of Musical America."

That little incident says quite a lot about Lord Harewood, who has covered a good deal of musical ground since those *far-off* days, and also about his agreeable book of memoirs, in which the personal and the technical, the revealing and the banal, jostle vigorously for the reader's attention.

Certainly his early career had its full share of downside potential. Leaving aside the bruised posterior, we read in the space of only a few pages of a damaged leg, pleurisy, *fever*, and a *nasty* war wound, followed by capture and confinement in the dreaded Colditz.

"End of Civilisation," read the entry in his diary on the day he joined his father's old regiment, the Grenadiers. In that remark, and in the pages which follow, he echoes humorously the sentiments of many other young men at the time, who kept war and peace in uneasy juxtaposition by reading Jane Austen while propped *against the sides of Crusader* tanks, studying the interiors of Italian churches when not bombing them, or, as in his own case, attending concerts and collecting opera records.

But that wartime interlude, for all its ups and downs, was an excellent introduction to the *realities of life* for a man whose career would lie, at Covent Garden, Edinburgh, and now the English National Opera, in handling and understanding artists more impetuous than any number of maverick colonels and more demanding and sometimes terrifying than *the fiercest of RSMs*.

A good deal of this book is taken up with sketches of them: John Christie of Glyndebourne in a huff with the author because he failed to wear a dinner-jacket for an early performance just after the war; de Sabata bawling out Tito Gobbi until that wonderful singer abandoned his role in disgust; Rostropovich in a tantrum playing truant at the Edinburgh Festival and having to be hunted through the city; Fritz Wunderlich, an artist of infinite alcoholic capacity, savouring a well-laced haggis.

Lord Harewood is, alas, no natural raconteur, and these stories have to be sifted through a mass of others, not nearly so good. Nor, with his background of royal discretion coupled with training in administrative wariness, is he often prepared to be sharp. Almost everyone earns a kind *word from him in the end*.


Lord Harewood: From Colditz to the Coliseum

Readers not exclusively interested in music will find interest in the family sketches, and in particular in a warm defence of the author's father against his many apparently sadly uninformed detractors. And twice, elsewhere, Lord *Harewood lets strong feelings* come through: once in the chapter on the break-up of his first marriage; and once in that on Benjamin Britten, a "mesmeric personality" who hurt him deeply by ending their friendship when he left his first wife.

"Like all my employees," David Webster said to a pressman, "he [Lord Harewood] gives every satisfaction." There is every proof of that assertion in this book, which is by no means to be dismissed as just a load of old gramophone records.

Becoming English

BY DAVID PRYCE-JONES

Last Waltz in Vienna
by George Clare. Macmillan. £5.95. 274 pages

This poignant memoir is written from the heart. Ignore the superficial title. The author began life in Vienna in 1920 as Georg Klaar, to find himself 20 years later anglicised as George Clare, and a private in the *Pioneer Corps. To describe who* he was, and how he came to be so, is also to provide a social history of the older and more tolerant Europe in which the *Klaars* and tens of *thousands* of similar families had prospered. Could they have foreseen its terrible destruction?

A more dutiful couple than George's parents would be hard to imagine. Ernst, his father, was an accountant at a bank, and his mother Stella, had every domestic virtue. Grandmothers, uncles and aunts, maids, completed the family circle. Emancipated from the ghetto early in the nineteenth century, Jews like *the Klaars had determined* to be exactly the same as everybody else, only more so, intoxicated to be part of the new model bourgeoisie.

The comfortable liberal notion of progressing ever onwards and upwards had depended upon stable rule, as provided by the Emperor Franz Josef. But the fall of the Habsburgs after the First War seemed to people like the Klaars largely a matter of nostalgic regret, *rather as though* the curtain had at last come down on a favourite operetta.

Mr Clare does not say whether he had any upbringing in Jewish religion or culture. Presumably not. One day he accidently used the Yiddish word for "Daddy," and had his face slapped by a furious father. Doing poorly at the local school, he was moved to a more expensive private one, and fell in love with Lisl, a girl of whom his parents *disapproved. Up to* the last moment he enjoyed summers in Bad Ischl, dances, travels. The outside world, in which Nazis were persecuting Jews, *scarcely penetrated* the false sense of security among the Klaars. Akin to the Habsburgs, Hitler was an act which one day would go away.

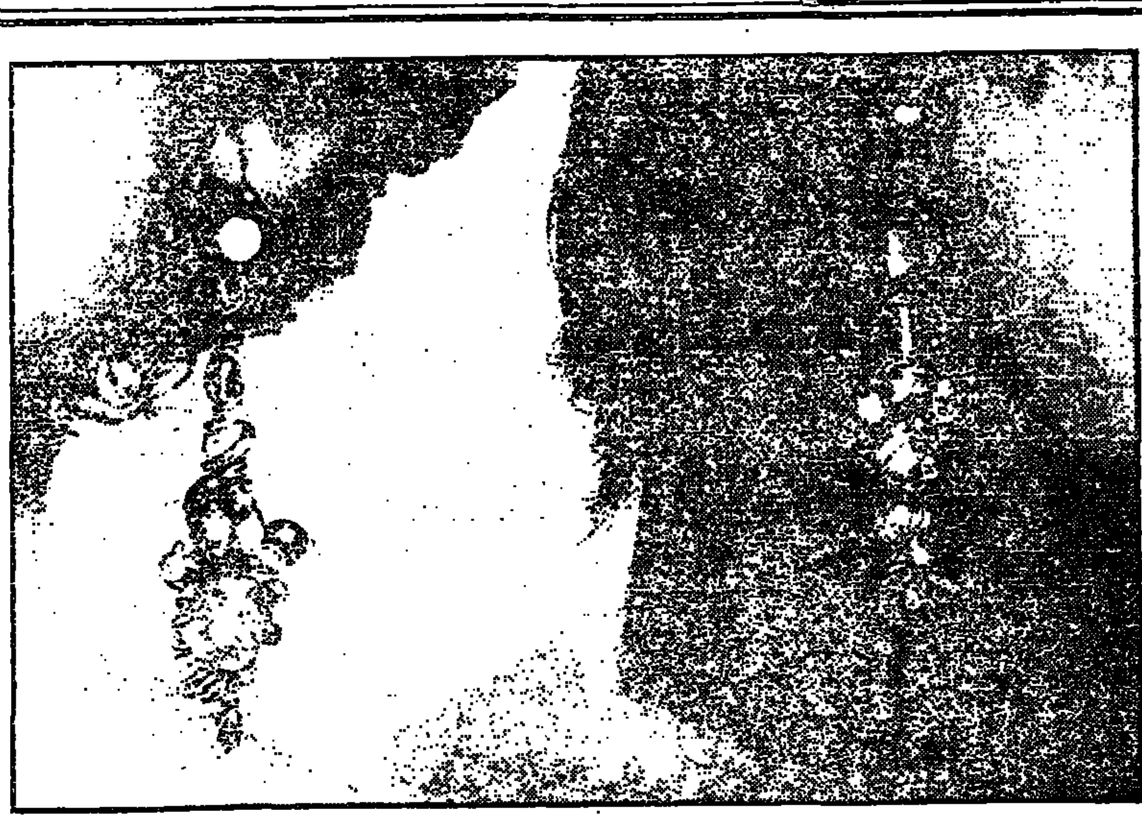
Early in 1938 Ernst mentioned the idea of leaving for Switzerland, only to reject it. A few weeks later, he was on his hands and knees scrubbing the streets under the jeers of the Nazis. Visas now became a matter of life and death. A friend who had got out *to* Switzerland arranged *for them* to escape to Ireland, to work in a factory he was setting up. Had they remained in Ireland, as Mr Clare did, they would have been saved. Offered a *job* in a bank in France, however, Ernst moved there, dooming himself and Stella to be trapped a year later by the German invasion. And so to Auschwitz, to swell the numbers of those murdered.

To ask whether the Klaars could not have made fewer mistakes is *beside the point*: they had conditioned themselves to believe only what they wanted to believe. It is human to do so. For a long time Mr Clare could *not overcome feelings of guilt* at not having shared the destiny of his parents and his people. An assertion of identity was required before he could even return to France to ask eye-witnesses about the last days of his parents. This book is about coming to terms with what was right and what was wrong in the Klaar past. Self-realisation of the kind is moving in *itself*, and at the same time provides the truest defence against *political hatreds for the* future.

هكذا من الأجل

HOW TO SPEND IT

by Lucia van der Post



FRANCES BENDIXSON is one of those fascinating jewellers who has managed to develop a style that is all her own.

She works by using combinations of beads (many are from old necklaces that she buys from dealers, others, like much of her pearl and jade, are modern) woven into fine silver and 9 carat gold thread. The particular way in which she weaves the beads gives her a lot of scope, enabling her to build up the large cluster rings which were her initial trade-mark. Now she has branched out into making earrings (like the wonderful pale and delicate pair above centre, with combinations of pearls, quartz crystal, ivory and silver and gold beads woven onto 9 carat gold and silver thread), bracelets, neckpieces and even the singularly pretty and delicate tiara (photographed above left).

Her great forte, it seems to me, is her colour sense. The combination of beads she weaves can produce a piece that is pale and delicate, made up primarily of the sparkly crystal quartz, creamy pearls and ivory, enlivened by the odd citrine or tourmaline. At the other end of the spectrum she weaves very dramatic pieces using jets and jade, amethysts and amber. Because every piece is individually made any reader who would like, say, a dress-ring, or a pair of earrings to go with a particular dress or colour-scheme can consult her, help choose the beads with her and end up with a totally personal piece of jewellery. Anybody who would like to consult can ring her on 01-352 0520.

Currently a selection of her work can be seen at Electrum Gallery, 21 South Molton Street, London W1, the Casson Gallery, 73 Marylebone High Street, London W1, and the Oxford Gallery, Oxford, where the tiara and the earrings in the photographs are currently on sale.

Her prices range from £50 to £500, a large cluster ring would cost about £85, the earrings in the photograph are £121 and the tiara (which would be a wonderful present for a young girl, being very delicate and made up of 9 carat gold and silver with gold and silver beads, pearls, quartz crystal, moonstones and citrines) is £326.

All gemmed up

THE BEST remark I ever read about jewellery, which seemed to sum up its strange emotive power, was Zsa Zsa Gabor's. "I never hated a man enough to give him his diamonds back," she is alleged to have said. She and Miss Piggy would have had a lot in common. Miss Piggy's views on jewellery are equally robust. "There are basically three kinds of jewels worth considering," she says. "Big, very big and huge." Neither of them would approve of what the statistics tell us, which is that more women are buying jewellery for themselves and many a gallery has found itself doing surprisingly well on the proceeds of jewellery in the £50 to £150 bracket that the modern career girl seems prepared to spend. Whether you are a woman wanting to buy something for yourself, or a man looking for ways of pleasing your nearest and dearest this week the How To Spend It Page looks at jewels of all sorts—rich, rare, real and not so real.

IT MAY surprise many people to know that up in the Marylebone Road, London, at No 154 to be exact, a very respectable woman called Mrs Sadie Passer, is conducting a very flourishing business in fake diamonds (and if it's rubies emeralds or sapphires that you're after, she'll sell you a fake one of those, too). Let me say at once that Mrs Passer never pretends that her fakes are anything but what she says they are—the nearest imitation to natural stones that man can come up with.

Such are the wonders of the age we live in that nowadays chemists can copy the molecular structure of a diamond so closely that even an experienced jeweller may need to give it a series of stringent tests before knowing whether it is real or not. Cubic zirconia is the name given to this wonder stone and it was first developed by the Swiss as an aid for laser beam research. It sparkles just like the real thing—the big difference is in the price. Whereas a genuine very fine one-carat diamond ring will probably cost somewhere between £1,000 and £2,000, you can buy a Diagem ring, featuring a fine one-carat cubic zirconia stone, for £79.50.

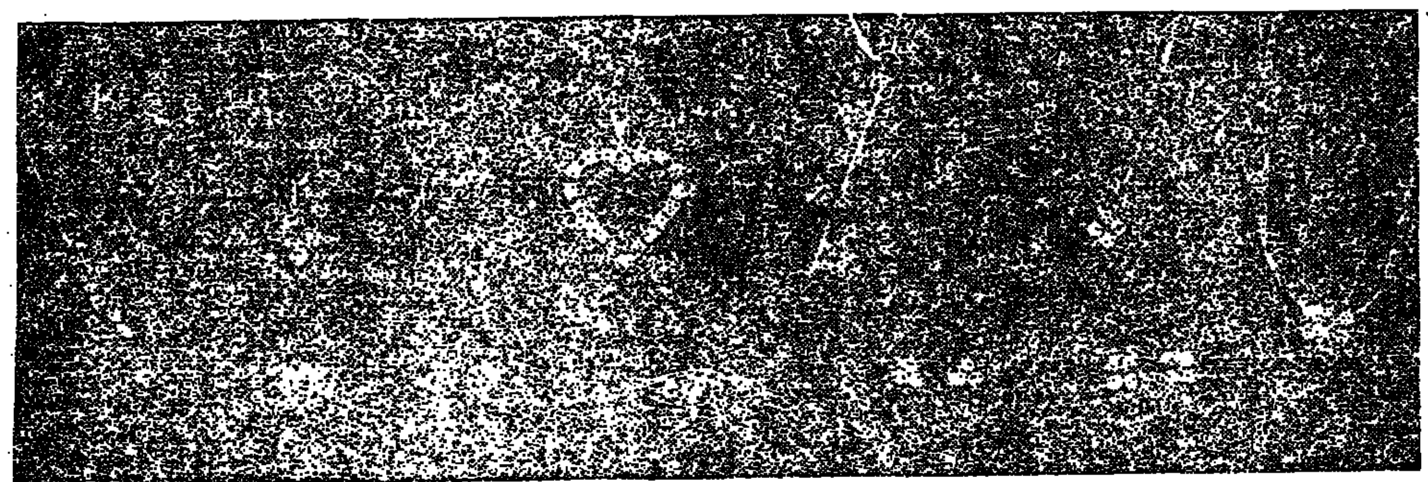
Why people prefer a great big blockbuster of a fake to a small real stone seems slightly mysterious to me but the reasons turn out to be many and varied. There are, it appears, men who gamble away their wives or girlfriends' diamonds and then, without them being aware of anything untoward, replace the stones quietly and surreptitiously with a look-alike Diagem. Then there are girls who like to flash a rock of some size around the office, who prefer the large one-carat Diagem at £79.50 to the poorly-coloured, flawed (but genuine) stone of somewhere between 0.02 and 0.05 of a carat that £100 would buy them.

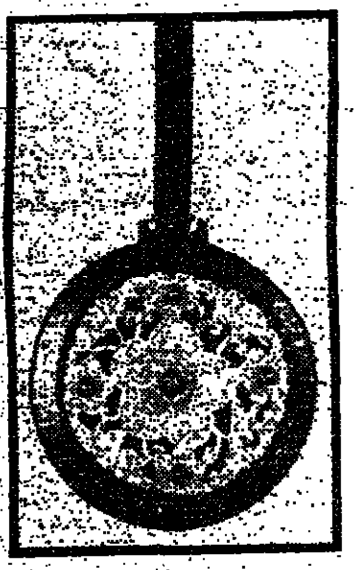
There are those who prefer to let their real jewellery lie in the bank (thus cutting down on the insurance premiums) and wear exact Diagem copies that only cost a fraction to insure.

The range of jewellery that can be made using Diagem stones is almost limitless but the standard range, as offered through the full-colour brochure that can be sent to any reader (write to the address above), consists of the sort of designs that most people want—that is to say, it offers nothing very exciting or avant-garde, but concentrates on a big selection of rings (solitaires for engagements, dress rings and eternity rings), earrings and a few pendants and cuff-links. A few examples are photographed above.

There is now a budget collection which features a very pretty gold chain set with three Diagems (£49.50) and a very delicate chain with just one Diagem (£39.50).

The full range can be seen at the Diagem showroom in Marylebone Road, London NW1.





FOR some people the only "real" jewellery is antique jewellery and you can see them on Saturday mornings haunting the market stalls, searching for the perfect find. As an ardent scourer of market stalls it seems to me that the prices that Sotheby's has estimated for items in its forthcoming sale of antique jewellery (34 and 35 New Bond Street, London, W.1, October 29 at 10.30 am precisely) compare very favourably with those in the shops, and in some cases seem surprisingly low.

The sale on October 29 will specialise in what Sotheby's calls "Jewels for the Collector" from 1700 to 1935. In the sale there will be a fair selection of pieces that are estimated to fetch prices below £100 (including a charming gold, enamel and seed pearl locket, circa 1900, a gold and seed pearl hair ornament, a coral scent flacon) while for sums between £100 and £300 there will be a large choice.

Particularly popular at the moment, and likely to rise in price because current demand leads inextricably to future shortage, are fine Edwardian and Art Deco pieces.

Photographed here are left, a gold, enamel and seed pearl locket with a gold motif of a bird sitting on its nest in a branch of blossom, decorated with enamel and set with seed pearls (19th century, £200 to £250) and right, an enamel, carved-jade and coral pendant in Art Deco style. (£600 to £800).

FOR traditionalists who want jewellery of a fairly conservative design and like to know that they are buying at the most competitive prices around I can't think of a better deal than the one being offered by Nordiam jewellery. Some readers may remember that I wrote about the company shortly after it first started up just over a year ago but my reason for mentioning it again is that to the somewhat limited range of standard designs Ian Norrington, who owns and runs it, has added many more and now has well over 150 pieces.

Ian Norrington, currently a highly successful stockbroker who has also just been made a Freeman of the Goldsmiths' Company, learned all he knows about diamonds when he worked in the industry for 20 years.

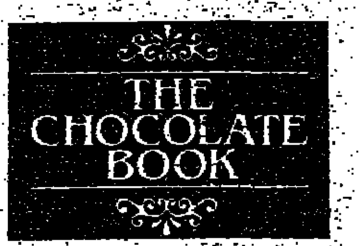
Because he is a specialist in stones all his jewellery features them in one way or another (primarily diamonds but also rubies, emeralds and sapphires) and he makes a point of using only stones of very fine colour and almost (but not quite, because of their immense expense) top quality.

Originally Ian Norrington had thought to sell his jewellery to shops but when he discovered the large mark-up that most of them put on (up to 200 per cent in some of the more elite West End establishments) he decided to operate in a small and simple way and offers his designs to customers at the price the shops would have paid him—he estimates that this means they are anything from one-third to one half less than in a normal retail shop.

He doesn't have a glamorous showroom, or vast West End overheads—what he offers are simple premises at First Floor South, Brettenham House, 5-6 Lancaster Place, London WC2 (ring for an appointment first if possible on 01-836 1405) and a full-colour leaflet which can be dispatched to anywhere in the country.

His designs are, as I have already said, conservative and traditional (see the photograph above)—eternity rings, solitaires, pendants, stud earrings, bracelets. Another service he offers, which many readers find very valuable, is that he will make up to order almost any design.

Postscript



WHETHER chocoholics are born or made I've never been quite sure. I only know that the world seems to be divided into those strange souls who can open up a box of chocolates and solemnly eat just one a night, while the rest of us (I console myself with the thought that we are much the nicer half) have only to lift the lid to know that before the hour is out there won't be a chocolate left.

So I'm not quite sure to which section of the population I should recommend Helge Rubinstein's mouthwatering new book The Chocolate Book*. Is it wise (or kind) to suggest to those as weak-minded as myself that they should open themselves up to such manifold temptations? As visions of creamy Rich Chocolate Liqueur Souffle, of featherlight Chocolate Roulades, of crunchy Chocolate Nut Truffles "very quick and simple to make" swim before the eyes, how will we be able to refrain from an orgy of chocolaty delights?

On the other hand perhaps by browsing through the luscious pages of this book and trying out a recipe or two the old sober-sides who never, ever eat more than is good for them may begin to understand something of the psychology of us weaker-killed mortals. They may, even, who knows, be lead from the straight and narrow by a velvety smooth Chocolate Parfait or Chocolate, Almond and Rum Cake ("extremely rich, should be soft and fudgy in the centre") or the even fudgier Kentucky Chocolate Pie. They have nothing to lose but their waistlines.

* *Macdonald, £7.95.*

THOSE WHO manage to "Think early for Christmas" are as strange a breed to me as those who manage to resist chocolates but nevertheless they exist and in large numbers and it is with them in mind that the Elizabeth David shop at 46 Bourne Street, London SW1 holds its annual sale in October. As most readers know by now Elizabeth David is an unrivalled source of efficient, sympathetic and suitable kitchenware—the cool shop with its rows of traditional white ceramic ware and lovely old rustic unglazed terracotta gratin dishes and authentic tools for esoteric jobs like boning chickens, de-stoning cherries and trussing up turkeys is a joy to visit.

No cook that *I know* ever has enough really sharp knives and one of the particular bargains in the sale are the Sabatier knives (the filleting knife is reduced from £5.60 to £3.65). Then there are the porcelain lion head soup bowls (£2.37 from £3.65), coffee pots, gratin dishes, mandolins and a whole host of other items.

Almost anybody who has any serious interest in cooking (and is there a woman today who can avoid it?) would appreciate something from the shop, whether it be as small as a bag of black peppercorns or bouquet garni or as large as a salmon fish kettle or a giant soupiere. Not everything in the shop is reduced but it is well worth searching out for those things you might need yourself or that might make good presents.

The shop is happy to take orders by mail and the sale runs from October 10 to October 31.

ARTS

What's the question

BY B. A. YOUNG

Any Questions? has been going for 33 years, and Michael Bowen, who produced it for 25 of them, has written a book about it—*Any Questions?* Robson Books, £6.95, 302 pages, but alas no index. Lucky Mr Bowen, there never was a programme where so many famous people let their hair down. Before we even come to its first broadcast, we have met Freddy Grisewood, Question Master for a decade or so, Ralph Wightman and Arthur Street, famous for having West Country voices, and Mary Stocks, ennobled for sitting so often on the team. Then on that auspicious evening of October 12 1948, Naomi Royde-Smith, Honor Croome, Jack Longland and John Arlott took the air.

The book contains many quotations from the old programmes, and character-sketches of the participants. Now and then there's a paragraph inserted in italics by David Jacobs, the new Question Master, now called Chairman. I've always liked Mr Jacobs since he imposed unfailing courtesy on *Juke Box Jury*, and I like him now: but I think he'd have done better to wait for a book of his own, for his interpolations suggest that he's doing something he never does on the air, that is interrupt someone else's flow of conversation.

Naturally the book tells only of the more memorable questions, but on the whole the programme doesn't seem to have changed much over the centuries. Here's someone asking the panel what their favourite deadly sins are, and a page or so later, how the British should react to the U.S. blockade of Cuba. On October 2 (couldn't get yesterday's into this edition), someone asked Enoch Powell, Joan Lestor, David Owen and David English what politician they would name their dogs after, or which other member of the panel they would swop lives with. (They all wanted to be David English and edit the Daily Mail).

Of course there were more serious questions, three of them; but I couldn't help wondering, as I've wondered for years, why people put these questions up. Do they hope for wisdom? Do they hope for wit? Or do they hope for anything but to hear their names over the air? Phone-in programmes are the same, though at least the phoners-in want to provide the wisdom themselves. (Never the wit, alas.) And *Your Concert Choice*: is Berlioz's *Carnaval Romain* overture or Schumann's 3rd symphony any different if you've chosen it yourself?

I don't mean to denigrate any of these programmes. They meet a public want, and that's one of the chief objects of broadcasting in a free country. What interests me is the motives of the questing listeners. I wonder if they ever ask themselves, "*Is this for anyone's benefit but mine?*"

I meant to link up these thoughts with a report on the new Saturday evening programme called *Fighting Talk*, in which "personalities" will get ten minutes to make an unedited speech about some matter near to their heart, followed by half an hour's discussion by a partisan audience; but that must wait until I've heard some examples. The first programme, tonight at 10.15 pm on Radio 4, features Jack Jones on pensioners' rights. The next will have Michael Manley, former Prime Minister of Jamaica, on the monarchy; then Louise Webb on prostitution, and Richard Ryder of the RSPCA on hunting and fishing.

Gulliver's Travels has made a good start on Radio 3, where it is appearing in four parts on Sunday evenings. Four parts, yes, for I'm glad to see that as much attention will be paid to Gulliver's expeditions to his less-known territories as to *Lilliput and Brobdingnag*. I am especially looking forward to the flying island of Laputa, in which I believe many of us are living at this time.

Lilliput we visited last Sunday in the company of Frank Finlay, an admirable Gulliver, blending his giant's strength with his gentleman's courtesy. Michael Bakewell, who has made the adaptation, has kept as much as possible to Swift's own words, thus demonstrating his good taste. He has amused himself harmlessly by inserting a passage or two of dialogue in Lilliputian, of which Swift gave us only one or two phrases, such as "Hekinah degul" and "Borach mivola" and "Peplom selan," which he did not condescend to translate for us. The programme has attracted a bunch of talented players in insignificant parts, and I can understand their pleasure in speaking Swift's words. Ronald Mason is the director, and there is music by Humphrey Searle.

Arabella

BY MAX LOPPERT

Though Arabella is so far Kiri te Kanawa's single Strauss role—her Marschallin is shortly to be revealed to Paris—it demonstrates that singer and composer suit each other very nicely indeed. On Thursday, some five years after Miss Te Kanawa first played the part at Covent Garden, she returned there, in excellent voice, delightfully in place on the stage, to deserved acclaim.

The tone has the downy softness, the line the ample smoothness, mastering a wide compass without even a suspicion of passing acid—Strauss' much vaunted vocal writing, praised for its flattering of the lyric instrument yet in truth quite often uncomfortably over-exposing it, was here made to seem the easiest thing in the world. Even, at times, a little *too easy: the short scenes with* the three gently rejected suitors were spun off almost carelessly, and some humorous and dramatic points went by unacknowledged. The final scene, golden of vocal colour, subtle and distinctive of musicianship, found *the ideal balance*.

As Miss te Kanawa shows it to us, the title role might be said, without impertinence, to flow from her own uncomplicated stage persona. The anticipation of a ball, the sense of a young girl high-spirited as well as carefully schooled, the full-bodied emotional tints — all these came across with splendid naturalness. There is perhaps another Arabella, one (not to shirk inevitable comparisons) that the vocally less enchanting Josephine Barstow gave the ENO not so long ago — an Arabella more subtly aware of (while essentially untainted by) the precarious family situation and the whole ambiguous social comedy of which she is pivot and protagonist. The opera loses a little without such side-shafts of insight. Not too much, though, when the voicing and *personation of the* title role remain so unfailingly lustrous.

Another illumination the ENO *Arabella* freshly achieved was upon a bond of genuine sisterly closeness between Arabella and Zdenka. The two Royal Opera sisters of the current revival have yet to go far beyond a courteous sharing of the same stage space; but there is promise of their doing so, for the new Zdenka, Sona Ghazarian, not only touches in the potentially queasy complications of a difficult role with a bright and original boyishness, but matches clean, glinting timbre (moments of sharpness apart) to Miss te Kanawa's softer colours. Adelaide is again Josephine Veasey, in strong form — never over-fussy, credible about multiple maternal and financial anxieties, making one realize that the part holds its own valuable store of attractive phrases.

At the head of the male cast we have Ingvar Wixell (first seen in 1977), who sings so surely and accurately that one feels a positive embarrassment at finding him so unromantic, *physically so inappropriate*—a Tonio in Mandryka's fur coat. Newcomers include the veteran Austrian bass Manfred Jungwirth (house debut) as Waldner, and Dennis O'Neill, very plausible and lyrical as the tiresome Matteo.

The 1965 production is in the safe hands of Hans Hartleb; when it, and Miss Te Kanawa, recently visited the Paris Opéra, one French writer (in *Lyrica*) was moved thereby to the absurd proposition that no opera production should be permitted a lifespan of longer than 10 years! Everything looks well, the way an *Arabella* should—cosy in the right down-at-heel way, the pastel ball scene trimly maintained. And under John Pritchard's light-fingered, flexible direction, much sounded very well. The orchestra has not yet developed what one not wholly inaptly thinks of (especially with Mr Pritchard in the pit) as a Glyndebourne glow; but the feeling both for the conversational flow of the comedy, and for its gentle emotional interplay, proves the conductor, once again, an eminently civilised and sympathetic Straussian.


Kiri te Kanawa

College Concert

BY DOMINIC GILL

The fourth season of BBC College Concerts—six programmes of 20th-century music, devised by Stephen Plaistow, and shared among the London colleges of music (with the notable exception of the supercilious RAM)—proposes broadly the same recipe which has proved so successful in past years: a premiere, a recent work, and a 20th-century "classic" (the term is deliberately no more precise).

The first of the series, given by the BBC Symphony Orchestra under Lionel Friend on Thursday night at Goldsmiths' College in New Cross, began with the first British performance of a new work by Luciano Berio—or rather what turned out to be a mere fraction of a new work. For Berio's *Entrata* is barely four minutes long, a busy orchestral miniature made with all of that composer's customary flair for brilliant instrumental combination and beautifully crafted, that seems to end just as it ought to begin. The final chord is marvellous wrenching cross-fade, tantalisingly cut short: will there be more?

The Magic Mountain by John Hopkins (b. 1949), which followed the Berio, was one of the works chosen for public rehearsal earlier this year by the Society for the Promotion of New Music. It is a sort of piano concerto, and refers explicitly (in its section-titles) and obliquely (in its several levels of working) to the novel by Thomas Mann. It also lasts more than half an hour—how is it that so many composers these days get their durations wrong? The piece is difficult to focus on, not so much for its denseness as for its very whimsical and chameleon sense of direction, and for its penchant for starting ideas without finishing them or carrying them through: a bush grown wild and spindly, that needs pruning on every axis, lateral and vertical.

The direction and impulse of Alexander Goehr's *Symphony in one movement*, by contrast, was as straight as a die. The orchestral writing is no less dense, but the dramatic line is palpable and sure as it charts the symphony's descent "into the lower regions" (a land of dark winds and Mahlerian harps). Strong, original music that demands closer attention than a single hearing allows. All three works can be heard again on October 20 at 8.15 pm on Radio 3.

Jane Dudley

It is proper and very welcome, that the Dance Umbrella season of contemporary dance, which will be seen variously throughout the country for the next few weeks, should begin with a retrospective tribute to Jane Dudley. Miss Dudley's career spans 50 years; it includes a decade dancing with Martha Graham from 1935 onwards and appearances in a recital trio with Sophie Maslow and William Bales. As dancer, choreographer and, since 1970, teacher at the London School of Contemporary Dance, she has preserved and extended the true and plainly still vivid Graham manner. And fascinating it seemed in Thursday night's performance given by students and members of the London Contemporary school and company at The Place. (There is a final performance tonight.)

Two creations were made for the students at The Place: a realisation of a Bach 'cello suite, and a selection of Brahms' waltzes for piano, which had the hallmark of secure structure, and that integrity which comes from an assured vision of movement. Even in these recent works (dating from the past three years) there was a feeling of time-travel—the manner not "old-fashioned" but still feeding directly and strongly from an American tradition of Modern dance unknown in this country.

The Brahms' waltzes, cousins of *Dances at a Gathering*, had weight as well as spring to their steps; the emergence of strong emotion from the patterning for eight girls in the Bach suite was never gratuitous.

The three other pieces have been seen before with their professional casts. The *Five Character Studies* to Schoenberg are Klee drawings come alive, and most alertly done by *Jayne Lee; the same sense of* character studies colours *The Lonely Ones* of 1946, which is a realisation of dramas, hectic yet unresolved, from the drawings of William Steig.

CLEMENT CRISP

BBC Singers

Programmes that would make up a useful and worthy Radio 3 series do not necessarily transfer successfully to the concert hall. Between now and March the BBC Singers are giving five concerts in the Elizabeth Hall under the snappy title of "A Century of Choral Music: A Journey through Germany and Hungary, 1830-1940, with Robert Schumann, Felix Mendelssohn, Johannes Brahms, Franz Liszt, Bela Bartok, and Zoltan Kodaly." For the first of these excursions on Thursday the Singers were conducted by John Poole. The *hall was less than one quarter* full.

One of the objects of the series, wrote Peter Dodd in the notes, is that "the exemplary performances that audiences have come to expect from the BBC Singers . . . will encourage other choirs to explore this rewarding field."

Even assuming the same historical perspective, these five programmes could have been infinitely more varied, in musical style and emotional temperature. Some flashes of fancy illuminate Schumann's *4 Gesänge* Op. 59, which ended Thursday's concert, but otherwise the tone of the evening was subdued, emotion recollected in anaesthetised tranquility Brahms's 7 *Lieder* quillity. Brahm's 7 *Lieder* Op. 62 and 5 *Gesänge* Op. 104 sandwiched Kodaly's *Molnar Anna*—a reworking of a Transylvanian folk-ballad, with a brief, beautiful coda for a wordless solo soprano—in the first half; Schumann's 6 *Lieder* Op. 33 for male voices preceded six of Bartok's 27 *Choruses* in the second. Within the prescribed limits the BBC Singers produced some fine performances, firm and clearly textured, though curiously they chose to give the Bartok setting in English translation, when *Molnar Anna* had been sung in impressive-sounding Hungarian. In another context the Bartok might have seemed haunting and gently understated, but here it did not have much chance of being remembered.

ANDREW CLEMENTS

Grace Jones

The wider world knows of Grace Jones at the lady who attacked Russell Harty on television; for a coterie, especially enthusiasts of gay discos, she is the greatest thing since Judy Garland. She made her British concert debut on Thursdays at the Theatre Royal, Drury Lane, and is much too good to be lumbered with a cult following, although she stays loyal to her early fans by calling her performance a "one man show," and adopting theatrical poses.

Her act is, in effect, a succession of tableaux, starting with Miss Jones (tall, very black, an ex-model), dressed in gorilla skin beating a drum; following through to a Parisian scene where she plays an accordion; and ending with her exchanging a revelatory lounge suit (without shirt) for a metal corset. It sounds contrived but what makes it exciting is Grace Jones' deep and mighty voice and the style with which she teases the audience.

At one point there are three Grace Jones on stage, her odd looks—the hair is a short crew-cut—being easy to ape; at another she drags a fearful lad from the front row and sexually assaults him, before throwing him back, all a fluster; for one number the brightest lights I've ever hid from are ranged on the stalls, backed up by a confetti storm and smoke. On top of the voice and the business Grace Jones is wise enough to sing other people's material, backing herself with pre-recorded tapes as well as musicians. So there is "La vie en rose" and Sting's "Demolition Man," and the all purpose "I need a man." It makes for very lively entertainment; perhaps the best criticism was the surprised shriek of "you're sweet" from a fan obviously not at all deterred by the snarls and machismo posturing.

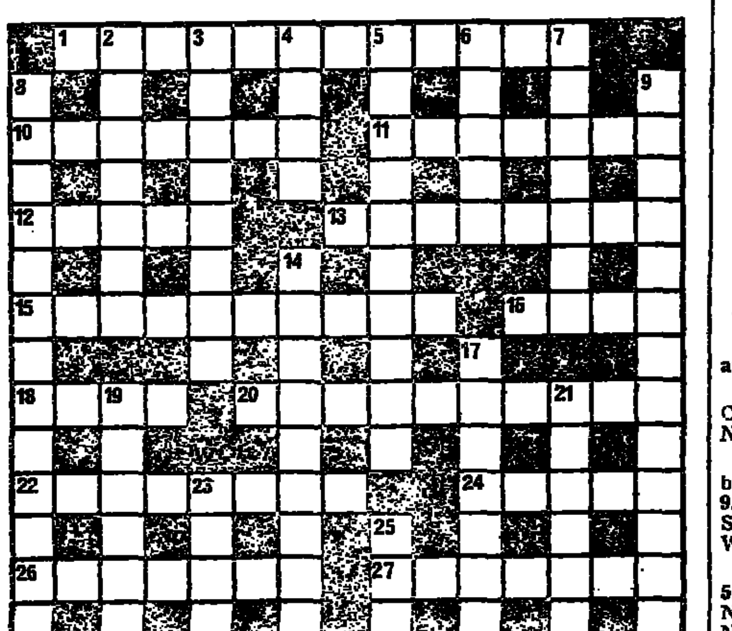
ANTONY THORNCROFT

F.T. CROSSWORD PUZZLE No. 4,694

A prize of £10 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10, Cannon Street, London, EC4P 4BY. Winners and solution will be given next Saturday.

Name ....

Address ....



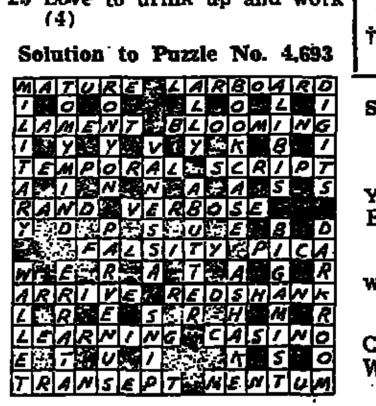
ACROSS

1 Dance directions found in 28 Across (4-5)
10 Willow-warbler or duck opening it (4-3)
11 Brainwash in ramshackle cane hut (7)
12 A swell in Shakespearean fabric (5)
13 Sang together a combination of notes without practice (8)
15 Put on essential business, but it's drudgery (6-4)
16 Pierce mammal's back (4)
18 Actual existence in essence (4)
20 Without advantage of it left in crowd (10)
22 Did a rose become wild here? (8)
24 Soldiers make brown cane (5)
26 Girl eager to make fabric (7)
27 Have power in front of ship (7)
28 Fish in waves travels on wheels (6-6)

DOWN

2 Bevan's first vitamin B (7)
3 Educated communication to editor (8)
4 Russian in finest home (4)
5 Unrefined doctor astern making a preliminary outline (5, 5)
6 One who observes change in tenor (5)
7 Metal-worker's tool to join and sharpen (4-3)
8 Thus employed her circle to produce pickled fish (6, 7)
9 Disreputable occupation in which the parasol manufacturer is engaged (5, 8)
14 Steps between the cutting edges in Scottish performance (5-5)
17 Assort at random a Russian village headman (8)
19 Radar aerial upset Cannes before start of race (7)
21 The greatest end (7)
23 She will shortly crack a nut (5)
25 Love to drink up and work (4)

Solution to Puzzle No. 4,693



SOLUTION AND WINNERS OF *PUZZLE NO. 4,688*

Lady Llewellyn, The Glebe, Yattendon, Nr. Newbury, Berkshire.

Mr Anthony Cairns, 19 Greenway, Harpenden, Hertfordshire.

Mrs J. W. Seamer, Crabbes Close, Hyde Lane, Marlborough, Wiltshire.

TV/Radio

BBC 1

†Indicates programme in black and white

9.05 am Better Badminton. 9.30 Swap Shop. 12.27 pm Weather.
12.30 Grandstand: Football Focus (12.35); Golf (1.05, 2.10, 2.40, 3.10, 3.55) The Suntory World Match Play Championship; Racing from Ascot (1.50, 2.20, 2.50, 3.25); 3.45 Half-time football scores, reports and news; Show Jumping (3.55) Horse of the Year Show; 4.35 Final Score.
5.10 Kung Fu.
6.00 News.
6.10-6.15 Sport/Regional News.
6.15 Larry Grayson's Generation Game.
7.10 Juliet Bravo.
8.00 The Paul Daniels Magic Show.
8.40 Flamingo Road.
9.30 News and Sport.
9.45 Match of the Day Special.
11.20 Parkinson.

All Regions as BBC 1 except as follows:

Cymru/Wales—8.30-9.30 am Crackerjack. 6.10-6.15 pm Sports News Wales.

Scotland—4.55-5.10 pm Scoreboard. 6.10-6.15 Scoreboard. 9.45-11.20 Sportscene from Scotland. 12.20 am News and Weather for Scotland.

Northern Ireland — 5.00-5.10 pm Scoreboard. 6.10-6.15 Northern Ireland News. 12.20 am News and Weather for Northern Ireland.

England—6.10-6.15 pm (South-West only) Saturday Spotlight.

BBC 2

7.40-9.45 am and 10.35-1.55 pm Open University.
†3.05 pm Saturday Cinema Double Bill: "Johnny Frenchman," starring Francoise Rosay, Tom Walls and Patricia Roc.
†4.45 "I Was Monty's Double," starring John Mills, Cecil Parker and Clifton James.
6.25 The Chipperfield Safari.
7.10 News and Sport.
7.30 Welsh National Opera presents "Fidelio" by Beethoven.
9.45 Alec Guinness in "Tinker, Tailor, Soldier, Spy."
10.25 Hostage Cops.
11.15 News on 2.
11.20 Golf highlights.
†12.00-1.25 am Midnight Movie: "Beyond A Reasonable Doubt," starring Dana Andrews and Joan Fontaine.

LONDON

8.35 am Sesame Street. 9.35 Joe 90. 10.00 Clapperboard.
10.30 Tiswas.
12.30 pm World of Sport: 12.35 On the Ball; 1.00 International Motor Racing—The Hardie 1000 from Bathurst, Australia; 1.15 News; 1.20 The ITV Seven from York and Ayr; 3.10 Boxing from Chicago; 3.45 Half-time soccer news, reports; 4.00 Wrestling; 4.50 Results.
5.05 Metal Mickey.
5.35 News.
5.40 The Pyramid Game.
6.10 Game For A Laugh.
7.00 Punchlines.
7.35 *Take A Letter Mr Jones.*
8.05 Vegas.
9.00 News.
9.15 "Deadly Strangers," starring Hayley Mills, Simon Ward and Sterling Hayden.
10.55 Johnny Carson's Tonight Show with guests Eydie Gorme and Kelly Monteith.
11.50 Police Surgeon.
12.20 am Close: Personal choice with Rabbi Julia Neuberger.

All IBA Regions as London except at the following times:—

ANGLIA

9.00 am Sesame Street. 11.55 pm The Amazing Years Of Cinema. 12.25 am At The End Of The Day.

ATV

9.10 am Paint Along With Nancy. 9.35 Welcome Back, Kotter. 10.55 pm Portrait of a Legend: Rick Nelson. 11.25 Hawaii Five-O.

BORDER

9.10 am Paint Along With Nancy. 9.35 The Flying Kiwi. 8.05 pm Hagen. 10.55 Presenting Lena Martell with guests Billie Jo Spears and Norwegian Bjoro Haland.

CHANNEL

10.55 pm Hammer House of Horrors (Witching Time).

GRAMPIAN

9.10 am Joe 90. 9.35 A gomadh Duthaich. 8.05 pm Hawaii Five-O. 12.00 Doctor Woman.

GRANADA

9.35 am Joe 90 8.05 pm The Streets of San Francisco. 11.00 Star Parade with Guys 'n' Dolls, Roger Whittaker and Franz Lambert. 12.00 Thriller: "Cry Terror."

HTV

9.10 am Target Bowls. 9.35 The Further Adventures of Oliver Twist. 12.28 pm HTV News. 5.39 HTV News. 8.05 Hawaii Five-O. 10.55 Lou Grant.
HTV Cymru/Wales—As HTV West except: 5.05-5.35 pm Ras Sgwar.

SCOTTISH

9.10 am Friends of My Friends. 9.35 A gomadh Du' Thiach. 11.00 pm Late Call. 11.05 Old Man's Story. 11.35 Musical Special.

SOUTHERN

9.00 am Thunderbirds. 9.57 Regional Weather Forecast. 8.05 pm Lou Grant. 10.55 Southern News. 11.00 Paris. 11.55 A Kate of Many Colours (Kate Robbins).

TYNE TEES

9.00 am Cartoon Time. 9.15 Herculoids. 9.40 Thunderbirds. 12.28 pm North East News. 5.40 North East News. 10.55 The Monte Carlo Show—Glen Campbell. 11.55 The Tell Tale Heart. 12.25 am Three's Company.

ULSTER

1.18 pm Lunchtime News. 5.00 Sports Results. 5.38 Ulster News. 9.00 The Incredible Hulk. 9.14 Ulster Weather. 10.55 Bless Me, Father 11.25 Bedtime.

WESTWARD

9.25 am Look and See. 9.30 Stingray. 9.55 Gus Honeybun's Birthdays. 12.27 pm Westward News. 8.57 Westward News. 10.55 Hammer House of Horror. 11.50 Faith for Life. 11.55 West Country Weather and Shipping Forecast.

YORKSHIRE

9.00 am Mumbly. 9.10 Chips. 10.55 *pm Hammer House of Horror.* 11.55 Kinvig.

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.00 Playground. 8.00 Tony Blackburn with Junior Choice. 10.00 Steve Wright. 1.00 pm Adrian Juste (S). 2.00 A King in New York (S) 2.05 Paul Gambaccini (S). 4.00 Walters' Weekly. 5.00 Rock On (S). 6.30-7.30 In Concert (S).

RADIO 2

5.00 am Colin Berry (S). 7.30 David Jacobs presents Star Sounds (S). 8.02 Racing Bulletin. 9.30 Steve Jones' Open House (S). 11.00 The Kenny Everett Show (S). 1.03 pm Punch Line 1.30 Sport on 2: Golf: The Suntory World Matchplay tournament; Football: Second-half commentary on the top game of the day; score-flashes from the leading matches; news of the others; Ascot Racing at 2.30, 3.00 and 3.35; Show Jumping; 5.00 Classified Football Results; 5.45 Classified Racing Results/Football. 6.00 Country Style. 7.00 Jazz Score. 7.30 Big Band Special with the Radio Big Band (S). 8.00 National Brass Band Championships of Great Britain (S). 9.00 Country Greats in Concert (S). 10.00 Nordring '81 (S). 11.02 Sports Desk. 11.15 Peter Marshall's Late Show (S). 2.00-5.00 am You and the Night and the Music (S).

RADIO 3

7.55 am Weather. 8.00 News. 8.05 *Aubade (S). 9.00 News. 9.05* Record Review (S). 10.15 Stereo Release (S). 11.00 Robert Mayer Concert (S). 12.15 pm Bandstand (S). 1.00 News. 1.05 Early Music Forum (S). 2.00 Play It Again (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 Robert Simpson's Quartet No. 6 (S). 7.15 Alfred Brendel Plays Beethoven (S). 7.50 A Man of His Time: Gilbert Thomas (1891-1974). 8.10 Karajan Conducts Bruckner: Symphony No. 5 in B flat major. 9.30 China's Double Birthday. 9.50 Music, Love and War (S). 11.00 News. 11.05-11.15 Boscha (S).
VHF only—Open University: 55.55-7.55 am and 11.15-11.55 pm: and for students in Scotland, Wales and Northern Ireland only: 11.55 pm-12.55 am.

RADIO 4

6.25 am Shipping Forecast. 6.30 News. 6.32 Farming Today. 6.50 Yours Faithfully. 6.55 Weather; programme news. 7.00 News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 Yours Faithfully. 7.50 It's a Bargain. 7.55 Weather: programme news. 8.00 News. 8.10 Today's Papers. 8.15 Sport on 4. 8.50 Breakaway, including 9.00 News. 9.50 News Stand. 10.05 Conference Special: Noel Lewis discusses the Social Democratic Party Conference. 10.30 Daily Service (S). 10.45 Pick of the Week (S). 11.35 From Our Own Correspondent. 12.00 News. 12.02 pm Money Box. 12.27 I'm Sorry I Haven't a Clue (S). 12.55 Weather: programme news. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News. 2.05 Wildlife. 2.30 Thirty-minute Theatre. 3.00 Medicine Now. 3.30 Profile. 3.50 Enquire Within. 4.00 John Gielgud reads from "A Victorian Playgoer" by Kate Terry Gielgud. 4.30 Does He Take Sugar? 5.00 Going Solo. 5.25 Week Ending. 5.50 Shipping Forecast. 5.55 Weather: programme news. 6.00 News. 6.15 Desert Island Discs (S). 6.55 Stop the Week with Robert Robinson. 7.35 Baker's Dozen (S). 8.30 Saturday-night Theatre (S). 9.58 Weather. 10.00 News. 10.15 Fighting Talk. 11.00 Lighten Our Darkness. 11.15 Not the Hills of Home. 12.00 News.

BBC RADIO LONDON

5.00 am As Radio 2. 7.30 News. 7.32 Good Fishing. 8.00 News, Weather, Traffic, Sport 8.15 Weekend What's On. 8.30 Bob Powell's London Country. 10.00 News. 10.03 Stuart Colman with "Echoes" 11.30 The Robbie Vincent Show. 2.00 pm Breakthrough. 4.00-5.00 am Join Radio 2.

LONDON BROADCASTING

7.00 am AM—With Jenny Lacey and Magnus Carter. 10.00 Jellybone with *Tommy Boyd*. 12.00 LBC Reports with Des Fahy. 1.00 pm Sportswatch with Dominic Allan. 6.00 LBC Reports with Des Fahy. 7.00 Geet Mala. 8.00 Network. 9.00 LBC Special. 10.00 Nightline with Theresa Birch. 1.00 am Night Extra. 4.00 Hayes on Sunday. 4.30 Decision Makers. 5.00 Morning Music.

CAPITAL RADIO

7.00 am *Graham Dene's Breakfast* Show 9.00 Countdown with John Sachs 12.00 Dave Cash's Cash Country. 2.00 pm Duncan Johnson's Afternoon Delight. 5.00 Greg Edwards's Soul Spectrum. 8.00 The Sounds of a City 9.00 Capital Re-cap with David Briggs. 10.00 Roots Rockers. 12.00 Midnight Special.

TV RATINGS w/e Oct. 4

TV RATINGS—OCT. 4—
UK TOP TENS

BBC-1
1, *Mike Yarwood In Persons*; 2, Juliet Bravo; 3, Larry Grayson's Generation Game; 4, Top Of The Pops; 5, Blankety Blank; 6, The War Lord; 7, Rosie; 8, Nine O'Clock News (Fri); 9, Its A Knockout; 10, Tomorrow's World.

ITV
1, Benny Hill (Thames); 2, Coronation Street (Wed) (Gran); 3, Only When I Laugh (Yorks); 4, Coronation Street (Mon) (Gran); 5, The Cassandra Crossing (ITV); 6, Never The Twain (Thames); 7, The Professionals (LWT); 8, The *Morecambe* And Wise Show (Thames); 9, Keep It In The Family (Thames); 10, *Bullseye* (ATV).

BBC-2
1, Des O'Connor Tonight; 2, Burt Lancaster in Birdman Of Alcatraz; 3, *A Kick Up The Eighties*; 4, *Fame*; 5, Nasty Habits; 6, Revolting Women; 7, A Star is Born; 8, World's-End; 9, Birth Of The Blues; 10, Enigma.
Figures prepared by Audits of Great Britain for the Joint Industry Committee for Television Research (JICTAR).

CHESS SOLUTIONS

Solution to Position No. 392

1 . . . Q-N8 ch; 2 K-N3, N-R4 ch; 3 K-N4, R-R5 ch; 4 KxR, Q-R7 ch and Q-N6 mate.

Solution to Problem No. 392

1 Q-N6 (threat 2 Q-KN2), BxQ. 2 N-KB6, or if B-B2; 2, N-QN6, or if P-Q6; 2 QxP, or if BxN ch; 2 PxB.

COLLECTING

Sotheby's 'bright young things'

BY JANET MARSH

Ringo Starr, one of a set of four posters of the Beatles, designed by the photographer Richard Avedon. They are in the first sale of Rock and Roll Memorabilia by Sotheby Belgravia in December 22.

SOTHEBY BELGRAVIA is 10 years old this week, and all those bright (and very young) young things who started it off are fast following the rest of us into middle age. A surprising number of the original staff from October 1971 are still there; but David Battie, who was one of them and is now Director, says the old innovatory enthusiasm is still unimpaired.

It was certainly something new in the auction world when it started; but nobody then could have guessed how extensive its influence would be both here and abroad, or, for that matter, that the turnover of those first 10 years would top £65m.

It would be impossible to say precisely to what extent in these years Sotheby Belgravia set new styles for the auction market, or how far it simply reflected and responded to trends that were inevitable.

The Belgravia operation was very much the brain-child of two younger members of the Sotheby directorate, Howard Ricketts and Marcus Linell, who is now Sotheby's Managing Director. The intention was to separate off into the new saleroom objects and works of art produced after 1840.

The revival of interest in Victoriana dated back to the 1930s, though for a long time the arts and productions of the Victorian age were generally regarded as amusing rather than important. The 1960s, however, saw an extensive growth of serious study of both fine and applied arts of the nineteenth century.

At the same time the great upsurge of nostalgia-inspired collecting along with the steep rise in the prices of conventional antiques resulted in an explosion of interest in these later periods among collectors.

Good Victorian furniture, ceramics and other objects had regularly been mixed in with general sales in the big salerooms. Belgravia was to show that, isolated and collected together, such material acquired new attraction and interest. Belgravia's weekly assemblies of the sort of items that had graced the great nineteenth century art and industrial exhibitions (Gibson's Painted Venus and some imposing Burne-Jones tapestries figured in early sales) were an eye-opener.

The building the saleroom had found for its purposes was ideal. The Pantechnicon in Motcomb Street, with its colonnaded facade, had been built in the 1830s to house the carriages and temporarily unused furniture of the residents of the newly fashionable Belgravia. In later years it had done service as a repository and occasional saleroom. Sotheby's restored it to its Georgian-going-on-Victorian grandeur; though inevitably they had soon to expand into extra premises nearby.

The new rooms made innovations from the start. The catalogues with their distinctive shape and red covers, were detailed and extensively illustrated. The ruse of illustrating the majority of items on offer not only encouraged long-distance bidders, but incidentally built up a valuable visual reference library which Belgravia are always ready generously to put at the service of researchers.

In the second season the catalogues began to include complete lists of price estimates (information which had hitherto been rather cautiously given out by the sale rooms). The practice has since been adopted by practically every other auction room.

Belgravia held the first sales of historical and modern photographs and photographic apparatus. It did much to establish markets in new fields like 19th—and more recently 20th—century art pottery, productions of the arts and crafts movement, nineteenth century Japanese works of art, art nouveau and art deco, old domestic machinery. The market in paintings of the period 1870 to 1925 now largely centres on Sotheby Belgravia.

Collectors' sales brought into the saleroom a variety of goods that only a decade ago would have been undreamt of. As Belgravia catalogues came to describe with solemn scholarship such items as biscuit tins, joke boxes, the coin-locks from public lavatories and the more debased excesses of art deco, "Private Eye" was inspired to its celebrated take-off of a Sotheby advertisement, promising sales of "Highly Important Sausages" and "Very Fine Continental and English Bread and Rolls"—all described in the proper auction-room vernacular.

Belgravia was proof against such mockery even where it was deserved; and the explorations into the lower reaches of the non-antique market were never less than fun, and often inspired new fields for collectors.

Belgravia are still, after 10 years, finding new things to sell. Recently they have inaugurated sales of textiles to compete with the lead established both by Phillips and their younger West London rival, Christie's South Kensington, who are at a disadvantage with much more sparsely illustrated catalogues.

Innovations in the immediate future include a sale of wrist watches, objects which date back more than half a century; as late as the 1920s a wrist-watch marked men out as unredeemable degenerates.

Just before Christmas there is the first-ever sale of Rock and Roll Memorabilia, advertised as including "items directly relating to some of the rock and roll heroes from the 1950s and 1960s, including Buddy Holly, Elvis Presley, Fats Domino, the Beatles, Led Zeppelin, Jimi Hendrix and others."

There will be a chance to buy Paul McCartney's Chappell piano and John Lennon's Steinway, clothing once worn by Beatles and a wristwatch that Elvis gave to his chauffeur. Belgravia, to say the least, offers something for everybody.

A Cartier gold wrist watch, c. 1930, included in a sale at Sotheby Belgravia on November 4

COINS

Mint brassfounders extraordinary

BY JAMES MACKAY

THE FORTUNES of Birmingham were made out of non-ferrous metals. Of no company was this truer in the Industrial Revolution than Boulton and Watt, a firm that combined the formidable talents of Midlands entrepreneur and Scottish genius. Brassfounders and engineers extraordinary, Boulton and Watt are best remembered by coin-collectors for their Soho Mint, where Britain's copper coinage of the UK was produced in Georgian times. It was Boulton and Watt who re-equipped the Royal Mint with steam presses in 1805. These were still struggling on three quarters of a century later.

Boulton and Watt handed over to their respective sons about 1809 and the Soho Mint gradually wound down until its closure in 1850 and the sale of its coining equipment that year to a Birmingham die-sinker named Ralph Heaton. He was the son of a brassfounder, Ralph Heaton I, but had an independent mind and did not join his four brothers in the family firm. Instead he formed his own company about 1817, specialising in cutting, piercing and stamping sheet brass for chandeliers, ceiling roses, gas burners, cartridge cases and military buttons.

With the acquisition of the Soho coinage machinery in 1850 the firm of Ralph Heaton and Son rapidly diversified. A legacy of the Soho Mint was a contract to supply Annand Smith of Australia with copper tokens, the reverse of which utilised the Britannia die used by Boulton and Watt for British pennies. In 1851 Heaton's were given their first major contract from the Royal Mint, to supply the copper blanks for pence, halfpence, farthings, half-farthings and quarter-farthings. This was the beginning of a long and mutually profitable association with the Royal Mint which continues to this day.

Eventually the Royal Mint sub-contracted quite substantial portions of the production of copper coins to Heaton's and this was stepped up in 1860 when the subsidiary coinage was changed from copper to bronze. Although many Victorian pennies and the smaller coins were produced in Birmingham a distinctive mint-mark was not incorporated until 1874.

In that year the Royal Mint was hard-pressed producing silver coins, and the bronze coins struck at Birmingham bore the letter H below the date. This continued in 1875 and when the Royal Mint's machinery broke down for several months in 1876 Heaton's again came to the rescue, over 11m pennies with the H mint-mark being struck that year. In 1881-82 the Royal Mint underwent a complete overhaul and again Heaton's produced the bronze coinage. Passage of the National Insurance Act in July 1911, requiring employers to pay in "broken wages," created an unusually heavy requirement for silver and bronze coins, so a portion of the bronze output of 1912—16.8m pennies—was minted in Birmingham.

Towards the end of World War I the Royal Mint was forced to sub-contract the production of pennies. On this occasion Heaton's shared the contract with their rivals Nobel Metal Industries Ltd at King's Norton, and this explains why some pennies dated 1918 or 1919 bear the mint-marks H or KN beside the date. The earlier H pennies are worth a small premium over the anonymous Royal Mint issues of the corresponding years, but the 1918 and 1919 H pennies are worth up to £120 in uncirculated condition, compared with a mere £5 for the Royal Mint issue. Even in the average condition, in which they seem to have become treasured heirlooms for countless thousands, they are worth about £1.20, compared with 10p for the Royal Mint version.

Heaton's were not content, however, to rely on contract work from the Royal Mint. Over the past 130 years they have produced an astonishing range of coins, for countries from Algeria to Zanzibar. Their most successful contract was with British West Africa, for which they minted most of the base-metal coins from 1907 till 1957. Much of the coinage of Egypt till 1923 was struck by the company which had changed its name to the Birmingham Mint in 1889. The catalogue of their coinage reads like a roll-call of emergent nations, beginning with Chile in 1851 and continuing down to Trinidad and Somalia in the 1960s.

During World War I the Birmingham Mint struck coins for the Belgian Government in exile at Le Harvre. In 1897-98 the entire issue of copper coinage in Russia was produced in Birmingham. The only Mexican coins struck outside America were the bronze and nickel denominations of 1906-14 supplied by the Birmingham Mint. The company also played a major role in the production of coinage equipment and its staff were responsible for the erection and manning of mints for various foreign governments, notably the French at Marseilles, the Italians at Milan, the Burmese at Mandalay and the Chinese at Hangchow, Changsha, Wuchang, Nanking and Canton, the last-named being the largest mint in the world at the time of its inception in 1888.

Although the bulk of the Birmingham Mint's output comprised base-metal coins it has also produced a number of silver coins, from 1871 (Canada) onwards and also struck the famous gold *Burgersponds* of South Africa in 1874—ancestor of the Krugerrand. The company seems to have had more mint-marks than any other mint, ranging from the simple H to the HEATON BIRMINGHAM which graced the Ecuadorean coinage of 1884-95. A detailed listing of all Heaton coins is contained in *A Numismatic History of the Birmingham Mint* by James O. Sweeny (£10.95 from the Birmingham Mint, Icknield St, Birmingham, B18 6RX).

Marriage of 55 minds

GOLF

BEN WRIGHT

IT SEEMS quite ridiculous to appoint a committee of 55 golf experts to choose the greatest courses in the world, and restrict the list to 50 of them, as has "Golf" magazine, the American monthly in its October issue. The rival American monthly "Golf Digest" is much nearer the mark in nominating annually 100 "greatest tests of golf," and even then is palpably guilty of the cardinal sin of glaring omission, but obviously far less so than is "Golf."

It is hard to understand the workings of 55 minds—most of the committee are well known to me—who for instance can ignore Sunningdale, Walton Heath, Ganton or the Berkshire club in favour of Wentworth, not that I advocate for a minute that the latter should be dropped. And with respect to my friends at Royal Birkdale and Royal Lytham I feel Royal Portrush is possibly a better course than either. Wouldn't Royal Cinque Ports, Deal, Royal Liverpool (Hoylake) and Royal Portcawl, all admittedly old fashioned —but St Andrews is hardly shiny and new—also rate a mention when the world's "Royal" courses are considered.

They are completely ignored, and so are such far-flung gems as Royal Calcutta, Royal Johannesburg and Royal Sydney. Just to plunge the knife in a little further our 55-man committee have failed to notice that Troon, the venue of the 1982 Open Championship, has become Royal Troon.

What constitutes a great course anyhow? Is it sheer difficulty? If so, then that is the only excuse I can find for the inclusion of Butler National, the monster on the outskirts of Chicago that is the annual venue of the Western Open, or Glen Abbey, the Jack Nicklaus-designed permanent venue of the Canadian Open outside Toronto.

The latter features the ultimate golfing bore for me, over a mile to be walked between greens and tees, usually uphill, as is also the case at Jack's pride and joy, Muirfield Village in Dublin, Ohio, the venue of his annual Memorial tournament, which is also in the "Golf" list. Nicklaus has a fetish for playing every hole he designs slightly downhill, so that every hazard can be plainly seen. Admirable maybe, but definitely bloody exhausing!

If a great course has also to possess considerable aesthetic appeal, how did the committee overlook Mid-Ocean in Bermuda, New South Wales Golf Club, Jupiter Hills in Florida, Capilano (Vancouver), Banff and Jasper—also in Canada — Casa de Campo (Dominican Republic), Princeville (Kauai, Hawaiian Islands), Pacific Harbour (Fiji), Pevero (Sardinia), Crans-sur-Sierre (Switzerland), Falkenstein (Hamburg) and Quinta do Lago (Algarve), just to name a few of my favourite golfing watering holes, and probably yours too, that are among the more obvious omissions?

Closer to home it is hard to believe that the committee could have ignored Gleneagles, Killarney and Waterville while including the Real Club de Campo in Madrid, which never impressed me as a particular masterpiece—especially when restricted to 50 courses.

But what really caught my attention initially about the piece, and increased the blood pressure alarmingly, was the decision to revise the 1979 list which the magazine calls its "Golden Dozen." To my astonishment and chagrin the committee have seen fit to demote Shinnecock Hills, Long Island, venue of our Walker Cup debacle in 1977, and, as the result of years of persuasion, reluctant host to the 1986 U.S. Open: Portmarnock, certainly the best course in Ireland and arguably the best links of all; and Oakland Hills.

The latter, set in the suburbs of Detroit, was originally designed in 1918 by Donald Ross, but rebuilt by Robert Trent Jones in 1951. The course obviously fell into disfavour when Australian David Graham and Ben Crenshaw tied for the 1979 U.S. PGA Championship there at eight under par. Graham even allowed himself the prodigal luxury of a double bogey at the 72nd hole for a 65 before winning the play-off at the third hole. A course considered a monster in 1951 had become a pussy cat.

I certainly cannot quarrel with the promotion of Cypress Point or Pinehurst No. 2. But Carnoustie — well — that certainly is a strange one. The whole area is so bleak, ugly, desolate and run-down that the Scottish links can only have been picked for its difficulties. Portmarnock is arguably just as testing, however, particularly its finish, which is perhaps the equal of Carnoustie's, if not superior. In aesthetic terms there is no comparison between the two.

"Golf" magazine's "Golden Dozen" comprises in alphabetical order: Augusta National, Carnoustie, Cypress Point, Merion, Muirfield (Scotland), Pebble Beach, Pinehurst No. 2, Pine Valley, Royal Melbourne, St Andrews, Seminole and Winged Foot. I believe the Donald Ross-designed Seminole in Florida is a jewel. But it is essentially a member's course, surely no longer one of the best 12 in the world. In my sacreligious opinion Augusta and St Andrews, despite their wonderful tradition, are not in the same division as tests of golf as either Portmarnock or Shinnecock Hills.

In terms of difficulty Cypress Point is a beautiful looking pushover in comparison with the more rugged, but scarcely less aesthetically pleasing Shinnecock, which has magnificent views of the Atlantic on one side and Long Island Sound on the other.

Come to think of it, it is hard to imagine why the committee saw fit to ignore altogether Shinnecock's neighbours, Maidstone and National Links.

But perhaps it is hardly surprising when one considers that they also fail to mention Medinah (Chicago), venue of the 1975 U.S. Open, Colonial in Fort Worth, Texas, Oak Hill (Rochester) and Congressional (Washington).

I could go on and on. All the judgements are a matter of opinion. But as I pored over my golfing atlas I came up with what I submit as the three best and most underrated courses on both sides of the Atlantic. They are Saunton, Royal West Norfolk (Brancaster) and Woodhall Spa in England; The Golf Club in New Albany, Ohio, the North course at Los Angeles Country Club and Quaker Ridge in America.

Jack Nicklaus, designer of the Canadian Open's course

RACING

BY DOMINIC WIGAN

IT CANNOT be said that there is a high class field for either the Princess Royal Stakes or the Cornwallis Stakes at Ascot today. However, both events are worthy of attention from the backer looking for value from a runner proven in the mud.

In the 1½ miles Princess Royal Stakes Clandestina must have bright prospects of boosting her paddock value; while in the juvenile sprint the same can be said of another well bred Irish filly, Sweet Side.

Clandestina whose handler, Vincent O'Brien, has been responsible for a high proportion of the two dozen Irish victories on this course since the start of the 1976 campaign, whilst staying on best of all in yielding conditions at the end of the Curragh's one-mile Gilltown Stud Stakes on September 12. In that event the Cashel filly, a $750,000 yearling purchase by Secretariat out of Seattle Slew's dam, My Charmer, confirmed that, given an additional half mile on similar ground she would prove a formidable proposition.

She can justify the flight over by beating fellow Irish raider, Countess Tully, who finished five lengths ahead of Condessa on that same course in August—some three months after looking a high-class prospect in the making at a Phoenix Park evening meeting.

Sweet Side, disqualified for drifting off the true line after defeating the subsequent Cheveley Park winner, Woodstream, in the Group 2 Moyglare Stakes half an hour after Clandestina's Gilltown effort, is a logical choice for the Cornwallis. However, here backers should not ignore a market move for Joe Allbritton's Golden Green. On his only run to date this progressive colt caught the eye in the Erroll Stakes here.

ASCOT
2.00—Peacetime
2.30—Clandestina***
3.00—Jose Collins
3.35—Sweet Side*
YORK
2.00—Black Minstrel**

Going out 'the old way'

COUNTRY LIFE

JOHN BOURNE

BULLER ARTHUR was a Cornishman who, among other things, helped to save 26 lives as a lifeboatman. Last week he was buried "the old way."

His friends—burly fishermen, some wearing RNLI jerseys—swung up steepling Barn Hill from the tiny cove, carrying him in his coffin on slings to the ancient church at the top of the valley. No limousine for Buller.

None of the locals is certain when such a cortege trudged up from the village before. But they all say that Buller will probably be the last to go "the old way."

At the start a few holiday-makers had ambled down the hill to look at the thatched cottages, but their mouths dropped open and they quickly retired. They had seen the solid, silent mass of villagers with their backs turned to the beached boats on the shingle.

The motley-dressed mourners—black is seldom worn at funerals in these parts—followed the coffin up the hill. They halted when reserve teams of pall bearers took over as an act of homage but not because Buller, even at the age of 80, was a big man.

He was born in 1901 and christened Richard Redvers, the second name a late loyal Victorian flourish to Sir Redvers Buller, the famous Boer War general. Later he was called "Kits," after his boyhood hero—a dashing pilot who, before World War I, commanded one of the fastest boats in the races from the cove to be first aboard the homeward bound square riggers seeking a cosy berth in Falmouth.

But "Kits" grew into a well-founded, jolly, all-knowing seaman. Buller became his new name, and it stuck. He was a warm, friendly man, son of one of Cornwall's most beautiful coves. Certainly last week he had more friends than could squeeze into the church. They came from all over the Lizard Peninsular, and from Bude, Newquay and other far away places. There was even a spray of flowers from Australia.

The "old way" was not an unhappy exit. After the funeral there were not one but two gatherings of mourners.

In the cove's only café, all his elder sisters and their families who could be there recalled how, as a grammar school boy, he had turned down a "college place" — after his father had been injured at sea — to take over the family crabber. They also remembered how he was the first in the cove to convert an old car engine to drive a boat; and had later become a self-taught scholar of all things Cornish.

The other gathering was next door in the bar where for decades Buller's resonant tenor had made the fishermen's Friday night "sings" thrum like a choir from the Rhondda. The pub is normally not condoned at funerals by those villagers who are strong adherents to church or chapel. But last week's "sing" was really a wake.

At it a multitude sang as strongly as they and others had sung "Will your anchor hold?" and "The Lord is my Shepherd" in the church up the hill.

"I love the white rose in its splendour," "My little Maggie May," and "Row boatman, row o'er the waters blue" might seem strange for a wake, but church and pub each have different views about how to send a well-loved man on his last journey; and I'm sure they will continue to do so. Perhaps "the old way" will last a little longer after all.

FINANCIAL TIMES
PUBLISHED IN LONDON & FRANKFURT

INTERNATIONAL & BRITISH EDITORIAL & ADVERTISEMENT OFFICES

For Share Index and Business News Summary, Telephone 246 8026 (number, preceded by the appropriate area code valid for London, Birmingham, Liverpool and Manchester).

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Saturday October 10 1981

What went up comes down
(and *vice versa*)

THE MARKET rules, OK. If this slogan should appear on the hallowed wall of Threadneedle Street over the weekend, it is likely to be painted up with a shaky hand, for the gyrations of interest rates and security values in the past three weeks are something of a new experience in London. British investors can now begin to understand why New York bond dealers appear a craven race when viewed from the White House, and why only the most red-blooded of speculators deal in Treasury Bill futures on the Chicago floor. It has been a thoroughly unsettling introduction to the new régime.

Until three weeks ago, the new regime seemed very like the old, because the authorities were still intervening heavily to stabilise interest rates. They were forced to abandon that course, and adopt a market-led approach in good earnest, mainly because the strain of stabilising the foreign exchanges at the same time was becoming unbearable. The first 2 per cent rise in base rates was a consequence of deliberate official action to kick the crutch out from under the market.

New rules

The second rise, however, and the consequent 2 per cent increase in mortgage rates, was pretty much the market's own affair: the authorities did little to prevent it, and have done equally little to prevent the subsequent decline in money market rates, which has already gone far enough to raise hopes that base rates may start coming down again in a matter of days rather than weeks. After years of worrying solely about what the authorities would think about the money figures — "Fed watching," as Wall Street used to put it — we have to learn some new rules.

The crisis of the last three weeks has only been marginally connected with domestic developments, though the Bank was happy enough to fire a warning shot across the credit markets. It was engendered largely by speculation ahead of the EMS realignment, and has subsided since that was achieved.

The difficulty with any attempt to stabilise rates in a floating world is that once an anomaly becomes apparent, speculative funds can move with unprecedented speed. The result is to raise interest rates all round. Those managing strong currencies are worried by the explosive potential of a large inflow of funds, while those whose currencies are falling raise rates to check the outflow.

However, crises in a floating rather than a managed market are relatively short-lived; interest rates peak higher, but are more volatile than before. This is by no means a clear change for the better, which is no doubt why the Bank of England tried so hard to keep the market stable in the early weeks of its new theoretically market-led regime.

Certainly the peaks of volatile rates seem to provoke more political indignation than the steadier policies of earlier years. The Fed is now under fire from the supply-side faction in President Reagan's Administration, which does not seem to have noticed that the Fed has been relaxing for many weeks.

At home, the 4 per cent rise in base rates forced many of the Government's Conservative critics into the open, and they are unlikely to retire even if base rates fall in time for the Party conference debate on the economy.

Are rates unnecessarily high from a domestic point of view, as Mr Heath has argued? The point is being hotly debated in the City, especially after Wednesday's apparently forbidding money figures—largely a product of new seasonal adjustments. The banks, backed by market researchers, argue that the supposed explosion in personal borrowing is a myth, and largely represents changing market shares in a sluggish total market.

There appears to be a policy contradiction in an approach which is permissive in terms of competition and innovation, but disciplinarian about the resultant changes in some rather arbitrarily defined totals. The broadly-defined money supply, which official policy seeks (and largely fails) to control is mainly a measure of the scale of bank intermediation in the credit markets. It makes little sense to encourage the banks to compete for new markets with one hand, and strangle the economy to limit their total growth with the other.

Reliable guide

It is for this reason that many people besides Mr Heath now argue that the exchange markets provide a more reliable guide to the effects of fiscal and monetary policy than any measure of money. A greater might provide a more stable and predictable regime even if, as stress on the exchange rate Sir Geoffrey Howe argues, it might be no less demanding.

It might also make it less necessary for a Government dedicated to squeezing inflation down to low single figures to raise 26-year money at a rate of nearly 16 per cent. The authorities still seem to be dithering about the proper role for indexed Government bonds. Their role should be to make long-term funding on such potentially burdensome terms a thing of the past.

ATLANTIC AIR FARES WAR

The man who pushed the button

By Ian Hargreaves in New York

THE MAN who pushed the button in the latest Atlantic air fares war is Mr Edward Acker, the 52-year-old Texan hired in August to rescue Pan Am from the brink of disaster.

Mr Acker, apparently, has been telling friends that the mess he has found in the last five weeks inside the company is worse than he had expected. Given that on taking over he described the Pan Am chairmanship as the next best thing to being *on the bridge of the Titanic*, that hardly sounds cheerful.

But the internal agonies of the company have not been evident in the bold policy strokes initiated since Mr Acker took control. He slashed fares by up to 60 per cent on over 65 per cent of the company's domestic services before, this week, making similarly hefty cuts on U.S.-London flights.

This is what might have been expected of the man who, inside four years, turned Air Florida from a loss-making shuttle company with propellor powered aircraft into a bustling, if financially very highly geared, international carrier serving over 40 cities.

His philosophy in Florida was to find routes where traffic is dense and where competitors were carrying a high cost base, then to move in with fuel-efficient jets, non-unionised staff and the lowest, unrestricted fares in the market.

Mr Acker, however, denies that he is starting a fare war on the Atlantic. "We are merely putting ourselves in a position where we will not be undercut by our competitors, especially in our traditional markets.

"We are also attempting to simplify the fare structure by taking restrictions off the vast array of promotional fares with the intention that this will make the market expand."

That, however, begs the bigger question: Is Mr Acker really trying to transform the

> ‘We are merely putting ourselves in a position where we will not be undercut by our competitors.’

grande dame of American aviation into a gloves-off fare slugger? And if that is his strategy, can it work?

"The only way he could do it would be to go into bankruptcy, let the court kick the unions around and emerge as a non-union carrier," says Mr John Pincavage, airline analyst with Paine Webber Mitchell Hutchins. "Pan Am's cost base is four to six times bigger than Air Florida's."

Pan Am, even before Mr Acker arrived had, of course started to whittle at its overheads, eliminating hundreds of middle management positions and getting workers to agree to a 10 per cent wage cut then a freeze until the end of next year.

This will help, but it is not nearly enough for an airline whose yield—the amount of revenue taken per passenger mile flown—was 19 per cent below the industry average in the second quarter. In that quarter, Pan Am needed to fill 72.5 per cent of its seats just to break even, a ratio which had worsened from 66.7 per cent a year earlier. Pan Am's actual load factor in the first half was 58.6 per cent and in the September figures published yesterday was only 60.9 per cent.

Pan Am says, however, that since it brought in the low fares, the pace of bookings and inquiries to its sales staff have increased dramatically.

A better clue to the strategy may be Pan Am's efforts to weed out many of the domestic routes operated by National Airlines before Pan Am took it over two years ago and concentrated, instead, upon building domestic feeds for Pan Am's international gateways at Los Angeles, New York, Miami and Houston.

On the international front, it should not be forgotten that Pan Am recently agreed to rejoin the International Air Transport Association (IATA) as a full member and will be able to take part in tariff-setting conferences should the Reagan Administration choose to retain anti-trust immunity for such participation, against the advice of the U.S. Civil Aeronautics Board.

But in the middle of this uncertainty about the regulatory framework in international markets and the even deeper uncertainty over what is happening to the U.S. economy, upon whose revival Pan Am's recovery wil depend next year, Mr Acker had to do something.

His predicament is that Pan Am is still losing money heavily —$218m was lost in the first half —the company's bankers are refusing to lend money and Pan Am has sold its last nest egg, the Intercontinental Hotels subsidiary for $500m.

What is left from the proceeds of this sale should tide Pan Am through a bleak winter, but in the meantime Mr Acker has to assemble evidence of operational improvements which he can use to get financial backing.

He knows he has not much time and, after five weeks, the picture must still look very confusing.

It may well be that with winter coming on and staff being asked to make big sacrifices, the new general decided on the desperate-seeming strategy of cutting fares and routes at the same time as an old-fashioned act of morale-raising.


Mr Edward Acker: bold policy strokes.

A ‘crazy’ challenge the airlines don’t want

THIS WEEK'S move by Pan American to slash its Atlantic Economy (and some Clipper) class air fares, forcing British Airways and Trans World Airlines to follow suit, has been greeted with mixed feelings by the airlines and in Whitehall.

Under the terms of the Anglo-U.S. Bermuda Two air agreement, the U.S. plans still have to be approved by the UK Civil Aviation Authority, which is now studying them closely, together with the BA response. *Although there are few occasions* where such initiatives are rejected—largely because the British Government is in favour of cheaper fares and letting the forces of the market-place work in the interests of consumers—the CAA seems likely to study more closely the implications of the Pan Am plans, and may even seek modification or even to defer their introduction.

The Pan Am move has come at a very bad time for British Airways. The airline lost £145m in the financial year ended last March 31, and expects losses of around another £100m in the current financial year. BA is engaged in the toughest retrenchment programme in its history, involving cutting staff by 9,000 to 43,000, cutting out routes and some overseas stations, selling off aircraft, abandoning some services—such as all-cargo operations—and selling off hotels and other assets.

BA is not averse to fares cutting. It has demonstrated that by its own initiative in abolishing First Class in Europe and introducing the new Club and Tourist Class which has been followed by most other European airlines (two notable exceptions being Lufthansa and Swissair). But the last thing BA wanted this winter was a fares war on the North Atlantic on the scale now planned by Pan American.

Mr Gerry Draper, BA's Commercial Operations Director, described some of Pan Am's cuts, ranging up to 66 per cent, as "crazy." But he also made BA's position clear when he added that there was "no joy in flying empty seats across the North Atlantic"—recognition that by slashing fares, Pan Am would be certain to capture a substantial slice of the traffic from other airlines if they did not follow suit.

BA and TWA have thus already done so. Delta, flying between Atlanta and Gatwick, has also cut its fares. The others — British Caledonian, Braniff and Laker—have not yet followed suit, and may not even do so. British Caledonian in particular feels there is no need for it to cut its fares on its present routes to the Mid-West and Southern U.S., while Laker's rates are already the lowest on the route, and that airline is likely to feel the new low fares competition acutely.

Flying empty seats on the Atlantic route is what many of the airlines have been doing for years. Last year, the 46 scheduled airlines flying between Western Europe, Africa and the Middle East on the one hand, and North America on the other, collectively carried 16.68m passengers, or 5.4 per cent more than in the previous year, but offered 6.3 per cent more seats, at 24.96m, a load factor of 66.8 per cent. In other words, about one-third of all the seats offered, or 8.28m, were empty. That is equivalent to around 20,700 400-seater Boeing 747 Jumbo jets flying across the North Atlantic empty during the year, or 56 Jumbos empty every day.

The collective losses of those airlines last year was nearly $600m, and the International Air Transport Association estimates that this year the situation will be no better. In the first six months of 1981, scheduled passengers totalled 8.17m (up 3.9 per cent) and the number of seats 12.22m, down 0.6 per cent—or just over 4m empty seats, the equivalent of about 10,000 empty Jumbo jets. The financial losses seem likely to be just as high as in 1980.

That is why Pan American is slashing its fares. Like British Airways, it is in a serious financial situation, and has been cutting staff and routes, freezing pay, deferring aircraft purchases, and selling off assets such as hotels, in order to survive. By cutting its fares so dramatically in the middle of a severe recession it is taking a calculated risk that there are still many hundreds of thousands of passengers interested in flying the Atlantic if the fares are low enough.

Most other airlines were anxious to see fares go a little higher this winter, on the assumption that the traffic would be poor, and that some increases in rates would be essential to keep pace with rising costs. Now, they are being forced into a fares war they did not want.

They argue that a more sensible way of meeting their *current economic problems* on the North Atlantic would be to cut down the number of flights, consolidating them so as to push load factors higher—and reduce overall outlays on fuel, now the biggest single element in many airlines' costs, exceeding even payroll costs.

Some of the smaller operators may yet decide to do this, even while responding to the Pan American initiative in cutting fares.

The British Government's dilemma is deciding whether or not to approve the Pan Am action is that it has to find a way of ensuring that British Airways and other UK airlines are not forced into ruin, through forcing them to follow the Government's own overall long-term policy of letting the market-place settle consumer prices. The British view was stated bluntly this week by Mr John Biffen, Secretary for Trade, when in a discussion on European air fares he said the UK was not satisfied with the pace at which those fares were coming down.

The Government can hardly adopt one view for European rates, and another for North Atlantic fares, even if it feels that the new Pan Am cuts are too drastic. It could insist that the Pan Am reductions are modified to what it thought were more realistic levels in the light of the economic conditions prevailing and of British Airways' own financial difficulties.

If it does not, and lets Pan Am have its way, it could be forcing British Airways into an impossible financial situation. If it rejects the Pan Am cuts, it could face the wrath of the U.S. Government, with the likelihood of further calls for renegotiation of the Anglo-U.S. Bermuda Two treaty, which many in the U.S. airline industry already feel is far too favourable to British airlines at the expense of American carriers.

Michael Donne

PAN AM's NEW ATLANTIC AIR FARES

(All Economy Single Rates*)

London (Heathrow) to:	New rate (from Nov. 1)	Reduction on existing rates
New York	£124†	51%
Los Angeles	£169	66%
Miami	£121‡	57%
San Francisco	£197	60%
Washington	£195	31%
Seattle	£230	48%
Houston	£241§	34%

NB: The rates are matched by British Airways except where otherwise stated.
* Return rates are double the single fares.
† In addition, Pan Am is cutting the London-New York Clipper Class single fare by 31 per cent to £253, but BA's new rate for Super Club is £315 (against present £433).
‡ BA single Economy rate is £119 to Miami
§ Not served by BA. British Caledonian cheapest current single bookable rate is £171.

Letters to the Editor

Liberal thoughts

From Mr D. A. Palfreman

Sir,—Thank you to Samuel Brittan for his lucid summary of modern liberalism in Lombard on September 28. I was especially pleased to see that in matters relating to peace and war the modern liberal may have to move to the left of the Social Democrats.

Critics of unilateral nuclear disarmament rarely lose an opportunity to link it with the socialist left, but many of today's unilateralists also support the market economy and most of the arguments for unilateralism are compatible *with capitalism. Indeed*, it would be very surprising if it were otherwise, considering that the overwhelming majority of countries in the world are not developing a military nuclear capacity and many of those are also market economies.

A powerful strand of liberal thought and practice in Britain and North America has been profoundly, and rightly, suspicious of high military expenditure, and, by implication, nuclear armaments. A liberal society, which relies on the market to allocate resources, is bound to be wary of the state taking decisions on behalf of everyone, especially if they are so momentous as to involve inflicting untold damage on an enemy and receiving the same or worse in return. It is, for example, impossible to be a conscientious objector to a nuclear war because the decision to wage it resides entirely with the state and the individual is not in a position to withdraw from the conflict. Moreover, it has long been perceived that a state with high military expenditure can also be an oppressive one.

Many other arguments in support of the case for the renunciation of the British nuclear deterrent are put forward. Possession of the bomb makes us a probable target for first strike or retaliation; it sets a poor example to other countries which have not yet decided whether to develop a nuclear defence capability; resources are diverted from uses more appropriate to a country of our size and status: as in the case of capital punishment, so also with nuclear weapons, one cannot afford to make mistakes. It requires a considerable stretch of the imagination to link any of these with arguments for socialism.

D. A. Palfreman,
3, Westlands Avenue,
Grimsby, S. Humberside.

Postal charges

From Mr F. P. Thomson

Sir, — So letter postage charges are to increase so soon, again! It would be of great interest to know why the British Post Office continues to deny us the advantages of EEC membership. Practically every other postal administration in the EEC bloc has put into effect the CEPT Recommendation PO/CII whereby inland rates apply to letters, postcards, printed papers and small packets up to 20 grammes for CEPT countries, which include far more than just those of the EEC. So why do we have to pay 18p instead of only 14p (soon to be 15½p) for a letter weighing under 20g, addressed to West Germany, Holland, Belgium, etc?

F. P. Thomson.
39 Church Road,
Watford.

Round tripping

From the Group Treasurer, Tootal

Sir,—I have to object to the almost hysterical picture as depicted by Lex on October 1 of the Corporate Treasurer waiting to pounce on the unsuspecting clearer in order to take advantage of "round-tripping" opportunities.

It is fair to say that the benefits of "round-tripping" are grossly over exaggerated with massive sums having to be committed in order for the exercise to be cost effective. Such sums are clearly identifiable by the banking community where the appropriate action can be taken.

It is important that the apparent abuses to which you refer are not used to partially justify upward movements in bank base rate to cover short term fluctuations in money market interest rates.

I. Reid.
56 Oxford Street, Manchester.

I want a bike

From Mr F. H. Smith

Sir,—It was delightful to read such an authoritative letter on the subject of cycling from Mr Law (September 30). To too many people, buying a cycle is just a matter of going into a shop and saying "I want a bike" and they wonder why their enjoyment is so short-lived and conversion not permanent.

They do not even appreciate such small details as the size of the frame (which should be related to the inside leg measurement) or pedal-crank length or tyre-size.

I was surprised that the new-material cycle that you described has, for instance, 27-in wheels, usually associated with racing *mounts* and not really suitable for town traffic where one is frequently required to stop by lowering one foot.

F. H. Smith.
6, Egley Drive,
Mayford, Woking.

Quick or dead

From the Director, British Woodworking Federation

Sir, — We were naturally interested in your lively report in Men and Matters (October 5) on our proposed meeting to discuss consortium arrangements for dealing urgently with overseas disaster situations.

You query whether the British Woodworking Federation has coffins in mind. The fact is that, as a forward-looking organisation representing the most advanced woodworking manufacturers, we concentrate more on looking towards the requirements of the living rather than the dead.

The lesson of recent disasters has been the stark reality that tens of thousands of families need urgent rehousing. Timber framed units — structurally engineered to meet precise requirements according to the most sophisticated technology and easily transportable across many thousands of miles—can uniquely meet this urgent requirement, which in most cases, cannot be met by the country involved.

A number of other industrial countries are poised and ready to meet this demand. There is no reason why the UK timber frame manufacturing industry, which is among the best in the world, should lag behind. In fact, UK manufacturers have already demonstrated their ability, against strong foreign competition, to carry out urgent contracts as required.

So we haven't got coffins—or even little boxes—in mind. We are concerned with providing good housing units in double quick time, for earthquake and flood disaster survivors, where these are much needed.

Peter Shapcott.
British Woodworking Federation,
82, New Cavendish Street W1.

Reflections

From Mr S. Schattmann

Sir,—On September 11 your property editor reported the "spectacular failure" of a public relations consultancy trying to enlist the aid of numerous estate agents in its search for enlarged accommodation in the West End.

One day later I noticed an advertisement in a German newspaper in which a well-known West End agency introduced itself to potential German clients with these few words: "The refined English way in the German property business," followed by the address etc of its German subsidiary.

Some cynics might wonder whether the former is a reflection of the latter.

Stephan Schattmann.
65c Wigmore Street, W1

Tax on food

From Mr Peter G. Thurnham

Sir,—Mr Williams (October 5) claims on behalf of the food manufacturers that it is wrong in principle to tax food.

In an otherwise overtaxed country, where the bulk of the population is overfed, why should subsidised Common Market foods be tax sheltered? Our Health Service costs can only be further inflated by the excess *weight (1,000 ton p.a.?)* which we gain from overeating.

The present system, which taxes ice cream for the children of the poor, but not cream cakes for the gluttonous rich, should be changed for one in which VAT is uniform on all items, with Negative Income Tax for the needy.

Or is the Chancellor giving us *an incentive to overeat, in order* to shorten our pensionable lives?

Peter G. Thurnham.
Sidegarth,
Staveley,
Kendal, Cumbria

Work sharing

From Miss K. E. Campbell

Sir,—Dr D. Cole ("Work Sharing Should Become a Reality," 29 September) remarks that "the arrival of the microprocessor will bring an end to full employment as we know it today."

But perhaps life isn't like that; similar prophecies were made 20 or more years ago anent the arrival of the computer. *In the event, the* computer did not have the effect of reducing work — rather it enabled more things to be done. Work style changed for some, but not the time they spent on it. Anyway who makes the computers—and who will make the silicon chips?

Work has a way of surviving its intermittently forecast demise.

K. E. Campbell.
46, Huron Road, London, SW17.

Rates demands

From the Honorary General Secretary, Brent Chamber of Commerce

Sir,—In putting industry's rate burden into perspective (September 18), Andrew Taylor omits to mention the effect of a continually increasing rate demand upon individual shopkeepers and proprietors of small businesses.

The "profit" in such cases is no more than the wages of the owner.

Where there is no scope for increased margins — confectioners, tobacconists, newsagents, household supplies etc— any addition to the rate burden is, in fact, a reduction in the owner's wages. Inevitably this must lead to shop closures and derelict shopping parades.

Bertram S. Ash,
Brent Chamber of Commerce,
16a Craven Park Road,
Harlesden, NW10.

Taxation on food

From Mr Rupert Green

Sir,—I am writing to take issue with the deputy director general, Food Manufacturers' Federation Inc. who asks rhetorically (letters Oct 5) "Surely, in principle, it must be wrong to tax food?"

Historically this has not, and cannot, have been true since economies were until recently predominantly agricultural and so the state's only source of revenue was a levy, tax, or tithe on food.

In the context of the industrialised nations it might be desirable to tax some or all foods on the grounds that either they are luxuries, and so a tax on them would raise revenue in a particular redistributive way, or that they impose costs on the community. This argument has been applied to tobacco—if a certain food were clearly associated with a disease then a tax might help both reduce the incidence of the disease and pay for its treatment.

It is because of redistributive considerations and not those of principle that food is not taxed. We should constantly review whether deliberate non-taxation is a better (or more effective) way of achieving these aims than, for example, a cash redistribution.

Rupert Green,
37, Meteor Street SW11.

Alan Pike looks at the Youth Opportunities Programme as the millionth teenager signs on

Why YOP is better than the dole

LAST MONTH Wendy Griffiths, of Skewen, West Glamorgan, became the one millionth unemployed teenager to register for the Youth Opportunities Programme (YOP).

YOP, *established by the* Labour Government in 1977, has grown with the *unemployment* rate to become a temporary job creation *programme* of huge proportion.

In the first five months of the current financial year more than 225,000 unemployed young people joined the programme—80 per cent more than in the *same period last year*, and higher than the total intake for 1979-80.

All the signs are that the problem which brought YOP into being is still growing. There were 256,000 school *leavers* registered as unemployed last month. And while in *past years the number of* unemployed school leavers has fallen by 80,000-100,000 between July and September, this year the drop was less than 20,000.

In 1980-81 YOP consumed more than £215m of the Manpower Services *Commission's* total £282.4m special programmes budget. By next year some £700m will be spent on the still - expanding programme. And, inevitably, a large administrative structure consisting of a Special *Programmes* Board, local area boards, regional and area offices and co-ordinators has grown up to administer YOP and other special programmes.

With YOP having expanded *so far beyond mission* hall philanthropy to consume large amounts of human energy and public money, criticisms of it deserve to be taken seriously. Unfortunately, YOP's most frequently criticised aspect is also its mainstay—the work experience programme (WEEP), where young people *spend* six months gaining realistic experience of work on an employer's premises.

Like most YOP entrants, Wendy Griffiths is spending her time on the programme on a *work* experience scheme. Although she would obviously *sooner have* a permanent job she is one of the comparatively lucky ones. She is *gaining* her work experience at the Ford Motor Company's Swansea works and Ford, like many big employers, has a good reputation for playing according to the rules.

Throughout their six months at the company, work experience trainees work *alongside* existing employees so that there can be no allegation of substitution—the use of YOP youngsters at the expense of a *permanent* workforce. This problem led to severe criticisms of YOP *at last month's* TUC annual congress. Although its extent can be exaggerated in comparison to the countless thousands of honest YOP schemes, abuse certainly exists.

"When I see a small shopkeeper *whose only assistant is* someone on a YOP scheme that looks suspiciously like abuse, and it makes me very angry," says Mr David Chapple, a manager in the industrial relations department at Ford Swansea *responsible for* YOP trainees.

In spite of such problems, there is much in a well-run YOP scheme to *justify* the view of Mr Geoffrey Holland, chief executive of the MSC and the *person who, as director of* special programmes, was responsible for the development of the youth unemployment measures: "At its lowest level YOP is better than the dole, and at its highest level much better."

At Swansea Mr Chapple has—quite *beyond the formal* requirements of YOP—devised a half-day per week programme of training in communication and life skills for his trainees, and the young people are also allowed to spend one day a *week at a local technical college* if they wish.

YOP schemes like the Ford one actually have one short-term advantage over the route into permanent employment which many untrained young people in Britain have traditionally followed.

During her six months at Ford, Wendy will be introduced *to a much wider range of* modern office activities than if she had been accepted by most employers for a permanent, junior office job.

On her initial phase of work experience—in the switchboard and *telex room—she is working* with Margaret Parker, 19, one *of the first YOP trainees taken* on by Ford at Swansea and now a permanent employee. Margaret is convinced that YOP gave her a practical grounding in office techniques which would not have been available *in other circumstances and* made her more employable. At the end of six months she found a regular job at the Driver and Vehicle Licensing Centre in Swansea, until Ford persuaded her to return when a permanent post became available.

Mr Chapple and his colleagues speak of the excellent references which they can confidently *write for many of their* former YOP youngsters, while a conversation with Wendy and some of the current intake at Swansea at least confirms Mr Holland's view that YOP is better than the dole.

Hillary Phillips has lost count of the number of jobs she has applied *for*, although her willingness to work is perhaps illustrated by the fact that *she* has to leave home at 6.30 am to travel by public transport to her YOP post at Ford. "I thought that when we came on YOP we would just do things like making the tea," she says. "It isn't like *that at all. It does* give you an adult introduction to work. But I would still leave before my six months was up if I could find a permanent job."

There is no guarantee that her evident enthusiasm to work *will* be enough. In West Glamorgan at the moment there *are* 2,526 young people registered unemployed and another 2,334 on special measures like YOP. There is an inexorable *tidal flow between these two* sets of statistics.

Because of both the good and bad aspects of the scheme—and *because it is trying to reform* industrial training at a time when there are not unlimited funds available—the MSC wants to build YOP into something far grander than a first-aid post for the young unemployed. Starting with the unemployed but eventually covering all *school leavers who do not go* into higher education or apprenticeships, YOP would become the foundation of a vocational year combining work experience and industrial training.

To make this costly transformation in vocational training on a national scale would require positive Government support, and decisions from Ministers are expected this winter. But—within the con*fines of existing funds—steps in* this direction are already being taken by the MSC.

A building on the Ford site at Swansea is being converted into a training centre where 50 trainees will spend a year learning everything from running their own canteen on produce *grown in the centre's* market garden to machine shop skills. Similar centres are planned for Ford's locations at Dagenham and Halewood.

Under another agreement with the MSC, Vickers is to *start 12 month courses in engin*eering skills in addition to its normal apprentice intake. And this month experimental courses lasting up to a year are to begin for YOP trainees in the construction industry.

An extension of this approach to vocational training nationally is, of course, strongly supported by those who have the difficult task of finding work for young people in current economic *conditions*. Mr Nick Proud, principal careers officer for *West Glamorgan*, who previously had a similar job on Merseyside, says: "I have *spent* much of my time in areas of high unemployment, and it has long been apparent that a third way is needed in Britain to cater for those who neither continue in education nor go *straight into employment with* related training.

YOP, even in its present imperfect form, tends to infect with *enthusiasm* those *involved* with it — from the Ford managers and workers at Swansea to Mr James Prior and some of his junior Ministers *when they were at the* Department of Employment.

Mr James Lestor, a former junior Employment Minister, is among a group of Conservative backbenchers who have recently called for a reform of vocational training on similar lines to the MSC proposals. But all interest *at present centres upon whether* Mr Norman Tebbit, the new Employment Secretary, will favour *spending* large sums of public money on such schemes.

A favourable Government decision by next spring at the *latest could enable* a reformed YOP to be established on a *substantial scale by* 1983-84—around about the time of a General Election when unemployment will probably be a leading issue.

If it agreed to develop YOP —which it has so far shown no *inclination to disband—into* a genuine vocational training system, the Government might be able to demonstrate that it had tackled a serious social problem in a way which should bring industry, as well as individuals, *some lasting benefit*.

YOP in action: engineering tuition for two teenagers in Ford's engine evaluation laboratory at Bridgend

Economic Diary

TODAY: Delegation from United Arab Emirates Chambers of Commerce, Industry and Agriculture start three-week visit to *China to discuss* trade exchanges.

MONDAY: *Thailand, Nigeria*, Bolivia, Malaysia, Indonesia, Australia and Zaire hold ministerial meeting of tin producers in Kuala Lumpur (to October 13). Queen and Duke of Edinburgh start visit to New *Zealand (to October 20). Euro*pean Parliament session opens, Strasbourg (to October 16).

TUESDAY: August provisional index of industrial production. Conservative Party annual conference opens, Blackpool (to October 16). Meeting of European Community and Association of South East Asian Nations *Foreign Ministers* on political co-operation, Lancaster House (to October 14). GLC *manual* workers submit pay claim. Nobel economics prize winner announced, Stockholm. King Juan Carlos and Queen Sophia *of Spain begin state visit to U.S.*

WEDNESDAY: Second quarter *index* of industrial production for Wales. August indices of average earnings. September indices of basic rates of wages. International Tin Council holds quarterly meeting, Kuala Lumpur (to October 17). Mr Lech Walesa and delegation from Polish union Solidarity visit France (to October 21). *Nobel Peace Prize winner* announced.

THURSDAY: *London dollar* and sterling certificates of deposit for mid-September. UK banks' assets and liabilities and money stock for mid-September. Sir Geoffrey Howe, Chancellor of the Exchequer, and Mr Gordon Richardson, *Governor of the* Bank fo England, speak at City of London dinner for bankers and merchants, Mansion House. Sir Terence Beckett, CBI director general, speaks on motivating employees, at Confederation of British *Industry* national conference, Centre Point, WC1. Mr M. W. Hancock, Gazelle Rijwielfabriek managing director, speaks on industrial relations in Holland—a practical experience, to Institution of Produc*tion Engineers, London*.

FRIDAY: Retail prices index for September. Tax and price index for September. Cyclical indicators for the UK economy for September. Usable steel production for September. Mrs *Margaret Thatcher gives closing* address at Conservative Party Conference, Blackpool.

Weekend Brief

Taxi drivers and the GLC fare rises

You may wonder what a wet Yom Kippur has to do with the Greater London Council's swashbuckling fare cuts on London's Underground and buses, but it is the combination of rain and the Jewish holiday that accounts for the muted reaction, thus far, of London's normally-vociferous taxi drivers to the new bargain fares on London's public transport.

More than 8m people commuting to and from central London are thought to be benefiting from the new low fares, many of which represent cuts of nearly 50 per cent.

But London's 12,700 taxi drivers are more resigned than *outraged at this potential threat* to their income as I learned this week.

Despite the fact that I now possess a shiny new quarterly season ticket for the Underground, I continued to use taxis this week, *if only in the higher* interests of on-the-spot research.

Cab drivers at a past "drive in" protest when demanding higher fares

My first journey was from the FT's office, near St Paul's, to the Savoy Hotel in the Strand, a pleasant and familiar journey for which there is in any case a door-to-door bus service. The *charge:* 90p plus tip.

The second journey was from the London Press Centre, off Fleet Street, to Soho's Greek Street. Charge: £1.40 plus tip. Journey No. 3 was from the FT to Old Compton Street in Soho. Charge: £1.60 *plus tip*.

In other words, I spent a *total of £4.10 plus tips for three* rides by cab, as against the total of 60p it would have cost by tube. Were the cab drivers daunted by such new-look arithmetic?

Not unduly. The first said there had been so much rain that virtually all cabbies had been busy. The second delivered a brief lecture on the law of swings-and-roundabouts, and said that what travellers saved on *public transport* they would probably re-invest in occasional trips by cab (he was a genial man, and Irish). Only the third appeared annoyed, claiming that the GLC's move was a "diabolical liberty."

At the licensed Taxi Drivers' Association, a spokesman said *that it was too early to* guage the impact of the GLC's new *fares, as many drivers were* Jewish, and had been celebrating Yom Kippur.

"In any case," he said, "people don't use taxis for commuting from the suburbs. Eighty per cent of the 250,000 London cab journeys undertaken each day fall into the two-to-three mile range, say £1.50-£1.70. People use taxies because they're in a hurry, and because of the door-to-door service."

On the other hand, the *cabbies are not particularly* happy with the 13 per cent fares increase authorised in June by the Home Office (they had asked for 27 per cent).

A cab ride in London now costs 50p for the first 708 yards, and 10p *per 35½ yards there*after. It costs 80p to travel a *mile*, £1.30 to *travel two*, £3.30 to travel six, and about £11 to ride to Heathrow.

"You mustn't confuse a fares increase with a salary increase," said the association smoothly. "What worries us is not the *GLC's fares but the recession* generally."

Disposing of the gold treasure

Some time later this month, the heavily armoured bullion-vans used to shunt gold bars around the City of London will bear down on the Bank of England with a rather special consignment. The Bank's mystery-shrouded gold vaults — no one at Threadneedle Street seems to know where they are — are due to provide a resting place for over 140 bars of the yellow metal, worth roughly £14m, which have been nestling at the foot of the Barents Sea for nearly 40 years.

The bullion has just been brought up from the wreck of the British cruiser HMS Edinburgh, which sank in 800 ft of water off northern Norway in 1942. The *ship* was carrying 5½ tonnes of Russian gold to America to pay for Soviet war supplies, but went to the bottom after being torpedoed by German *submarines*.

In a successful conclusion to the deepest ever treasure hunt, *more than 90 per cent of the* gold—around 430 bars of dull yellow 99.99 per cent pure Russian gold, stamped with the hallmarks of Stalin's Moscow refinery—has been recovered this week by a British salvage team.

With winter bearing down from the Arctic, 30 or so bars had to be left in the wreck, but might be brought up next year. This weekend the gold is being sorted out in the Russian port of Murmansk, where it was unloaded by the diving vessel, Stephaniturm, at the end of last week.

The salvage team, organised by the Yorkshire-based Jessop Marine Recoveries, stands to receive 45 per cent of the total value of the gold—or roughly £20m *out of the haul of nearly* £45m—in payments for their efforts. Participating in the share-out will be the Aberdeen company Wharton Williams, which supplied the divers, and *Racal Decca, which came up* with the complex electronic equipment needed to track down the sunken fortune.

The companies will probably be paid in cash rather than in bullion by the Russian and British governments, who insured the consignment in 1942. *Receiving their salvage fee in* the form of bullion, although tempting to any gold bugs among the diving team, might have incurred too much attention from Britain's VAT collectors.

Because the consignment was insured on a ⅓ : ⅔ basis by the *British and* Russians during the war (the Americans were reimbursed long ago and therefore do not stand to gain), one-third of the gold is now bound for London and two-thirds to Moscow.

After being, *presumably*, arranged in neat piles on the Murmansk quayside under the watchful eyes of Russian officials, Britain's share will be brought in probably by RAF transport aircraft and then transferred discreetly to the Bank of England.

What will happen to it then *is a bit of a mystery*. The Bank, which occasionally buys and sells gold on the international bullion markets, may dispose of *the booty if it and the Treasury feels* that the price is right.

Moscow, which is hard up for *cash at the moment and has* been selling more of its gold production this year, is a somewhat more likely seller.

In a rare statement of Moscow's gold trading policy, Mr Vladimir Alkhimov, the chairman of the Soviet State Bank, said recently that the *country needed to sell gold* "to overcome dispositions caused by unforeseen circumstances."

Mr Gordon Richardson, the Bank of England Governor, has not yet been so explicit. But the Bank is inclined to play *down the question. The amount* is relatively small—only a couple of tonnes—"hardly enough to bring a glint to our eyes," said a spokesman laconically.

Frenetic television dealing

With only a year to go before ITV's Fourth Channel hits the British small screen things are getting fairly frenetic around the negotiating table.

So far Channel Four's manag*ing directors, Jeremy Isaacs* and Justin Dukes, are in a *stand-off position* with the ITV companies themselves but are deep in a quite heated conversation with the independent producers. A meeting to settle relationships between the independent production companies and Channel Four a few days ago came to an unsatisfactory end and late last evening there were further attempts at patching up the problems.

All this is, of course, simply the growing pains of a new enterprise and, come opening night on Halloween '82, every*thing will be smooth and plea*sant. Meanwhile, however, the programme makers are keen simply to sell programmes to *Channel Four* while retaining all other rights for themselves. *The Fourth Channel* sees these rights as part of its continuing revenue.

With everyone predicting a *spectacular* world of technological innovation for the future, the importance of these additional rights—sales to cable, cassettes, satellites and overseas broadcasters — should not be underestimated.

The independent producers, who so far are the only ones to have the actual hard promise of Fourth Channel cash, were quick to form themselves into a trade association with Michael Peacock (remember BBC-2?) in *their chair. Isaacs welcomed* the association as a negotiating *body and*, with Dukes, has been locked in negotiations ever *since*. The independents have also set up an industrial relations service to help producers along the thorny path of television trades union practice and manning arrangements.

Far from being out in the cold as once feared, the independents are therefore in the thick of the action. The liveliness of the scene was clearly enough to tempt Pearson Longman into the fray this week.

Eyes must now turn to the Dukes/Isaacs relationship with the main ITV companies, and notably the big five—Thames, LWT, Granada, Central (once ATV) and Yorkshire. These giants of the television world *have been strangely silent about* the Fourth Channel considering *the amount* of campaigning that they did for it. More cynical commentators might wonder about the calm that has settled over television production centres generally now that contracts have been won and the new decade has started. Could it be that the star-studded autumn 1981 schedules are some sort of televisual swan song?

Contributors:
Michael Thompson-Noel
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Minster Assets surges midway

TAXABLE profits of Minster Assets, Lloyd's underwriting and insurance group, surged from £2.23m to £3.6m for the first half of 1981, with the main subsidiary, Robt. Bradford (Holdings) contributing £3.56m, against £2.2m.

Mr A. R. G. McGibbon, chairman of Minster says that although interim figures do not give an accurate indication of the overall result, there is every sign there should be a reasonable improvement over last year. Pre-tax surplus for 1980 was £6.54m.

The interim dividend is increased from 1.6p to 1.7p net per 25p share—last year's final payment was 2.4p.

After lower underwriting losses and expenses of £3.47m compared with £3.8m, profits of the Minster Insurance group jumped from £1.01m to £2.39m. Mr Donald Pearce, chairman of Bradford, says the improvement in underwriting showed particularly in the UK non-marine branch, but in the marine and aviation accounts there is a deterioration in the open years. Although there is an improvement overseas "the experience must still be regarded as unsatisfactory."

Provided the present conditions in the market continue for the rest of the year, an overall increase in profits is expected for this group.

The Lloyd's underwriting agencies contributed £410,000 (£400,000) and is expected to finish the year similar to the £1.54m of 1980. On the insurance broking side profits slipped to £633,000 (£644,000) and are unlikely to reach last year's record £1.19m, it is stated.

Also down slightly, from £335,000 to £326,000 at half-way, was the surplus from investment holding, banking services and issuing house activities, while Bradville, the motor accessory company, suffered slightly higher losses of £157,000 (£154,000).

After tax of £1.88m (£1.16m) and minority interests of £457,000 (£194,000), the attributable balance of Minster Assets was £1.26m against £875,000. Dividends will absorb £585,000 (£550,000).

Stated earnings per share are 3.67p (2.56p).

● comment

The salient figure in Minster's interim report is an almost two-and-a-half-fold improvement in the insurance group's profits. Most of this is accounted for by the 22 per cent rise in investment income, but the underwriting deficit has also moved in a favourable direction. Here, the prime influence is a better showing from UK motor insurance, which has more than offset the need for higher provisions on the open marine and aviation accounts. Minster also feels that it has taken a firmer grip on expenses. For the time being Bradville's battery chargers remain a drain on the group's resources, if on a moderate scale. Altogether, it looks as if Minster could end the year near its 1977 peak of £7.7m before tax. The shares were 2p ahead at 69½p, where a marginally increased interim suggests a yield of just under 9 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Armour Trust	0.13	—	0.13	0.13	0.13
W. Canning ...int.	1.72	Dec 1	1.72	—	3.98
Courtney, Pope	1.85	—	1.2	3.05	2.4
Debenhams ...int.	2.04	Dec 4	2.04	—	6.37
J. E. England and Sons int.	0.44	—	0.4	—	0.8
Helene of London ...int.	0.37	Mar 17	0.37	—	1.48
Ingall Inds.	1.69	Jan 4	1.53	2.5	2.27
Lister and Co.	0.1	Jan 22	0.1	0.1	0.1
Minster Assets ...int.	1.7	Dec 30	1.6	—	4
Molins ...int.	2.2	Nov 27	2.2	—	7.9
Reed Executive ...int.	0.1	Dec 4	1.5	—	1.5
Scottish TV ...‡int.	1.75	Nov 28	1.4	—	5.95

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Increased to reduce disparity.

Christopher Moran group qualified

AFTER the traumas of the past 18 months, shareholders of the troubled insurance broking company, Christopher Moran Group, are told in the annual report that the group, as a whole, is now in a sound financial position. This is particularly so since the sale of the Lloyd's managing agency companies in June which have resulted in a profit of about £1.6m.

Mr D. J. P. Bryans, the chairman, says the future of the group remains dependent on the resolution of the problems facing the Lloyd's broking company, which cannot be viewed in isolation.

Shareholders will also have a chance at the annual meeting at Claridge's Hotel on October 30 (noon), to express their views on the Price Waterhouse Report on the affairs and financial position of the group. The conclusions of this Report are given below.

Mr Bryans says points made in the Report have been dealt with by the board as far as possible, and specific problems relating to the financial position of the group have either been resolved or appropriate provisions have been made.

Two other important items which he mentions in his annual statement are the auditors' report being qualified and the prospects of getting the group's shares re-listed on the Stock Exchange.

The auditors' report is qualified in respect to the carrying value of goodwill relating to the insurance broking subsidiaries, and to the going concern basis on which the accounts have been drawn up.

The amount of goodwill will be reduced by £1.35m to £6.72m following the sale of the Lloyd's managing agency companies. Subject to shareholders' approval, he says it is intended to make application to the Court for permission to write off this remaining sum against the share premium account.

The going concern qualification occurs because it is not possible at this time to assess whether a sufficient volume of new broking business can be developed outside Lloyd's, in the UK and world reinsurance markets, to avoid incurring operating losses due to the costs involved in the obligation to service existing business.

Mr Bryans says discussions have been held with the Stock Exchange with regard to the listing of the group's shares which is currently suspended—and have been since last November. He says the indications are that it would not be appropriate to apply for re-listing until the uncertainties relating to the broking business of the group can be resolved.

Having conducted a detailed review of the broking activities, Mr Bryans says it is apparent that they have been almost totally dependent on Mr Christopher Moran. Accordingly, decisions about the ultimate future of these activities are to an extent dependent on the outcome of the legal proceedings against him, as well as those against the Lloyd's broking company.

In the meantime, he adds, and until such time as it is appropriate to make application to Lloyd's to have the restrictions on the Lloyd's broking company lifted, it is intended to develop new broking business outside Lloyd's, to continue the servicing of existing business and to structure the overheads and organisation accordingly. A tenant is being sought for the building at St Dunstan's Hill, which is under-utilised.

Mr Bryans says the events of the last 18 months have already resulted in great damage to the broking business, and this is reflected in the results for the year — pre-tax profits from broking was down from £1.49m to £41,000.

In a note to the accounts for the year to January 31 1981 mention is made that the group and certain subsidiaries have contingent liabilities in respect of claims made against them. The potential liability is not capable of being ascertained, but the directors, having taken legal advice, are of the opinion that no material loss is likely to result.

The liquidators of a subsidiary have made a claim against the company and another subsidiary amounting to £240,000. Following legal advice, the directors are satisfied no provision is required in the accounts.

The annual report informs shareholders that Heather Investments held 6,244,462 (36 per cent) ordinary shares of the company at September 4 1981. London Trust Company held 1,200,000 (6.9 per cent) ordinary shares at the same date.

Price Waterhouse views the problems

SEVERAL observations were made by Price Waterhouse in the report on the affairs and financial position of the Christopher Moran Group. The conclusions of the report included:

The group's insurance broking profits were primarily the result of the work of Mr Moran, the group's managing director. This situation made the fortunes of the group highly dependent on a single individual;

As a result of events on August 1 1980 when Mr Moran was arrested by City of London police, the group had, in practice, been excluded from the Lloyd's insurance market from that date. The effect was to eliminate sources of business which, in the past, had accounted for some 80 per cent of the group's broking profits;

Problems affecting the balance sheet included a dispute involving insurance premiums of £1.1m. There was an urgent need to resolve this dispute;

The directors should decide whether or not to make application to Lloyd's for re-admission to their insurance market. If no application was made, or such an application was rejected by Lloyd's, then the principal options regarding the group's broking business were:

(a) The group could seek a comparable volume of equally profitable business outside the Lloyd's insurance market. On the basis of the evidence available to them, Price Waterhouse did not consider this to be a practicable proposition;

(b) The group should continue insurance broking operations on a reduced scale outside the Lloyd's insurance market. Such a course would mean that the group continued to be dependent on the ability of Mr Moran to generate new business. It would also require a substantial reduction in the level of the group's overheads.

As a result of the requirements imposed by Lloyds it was necessary to make arrangements on a permanent basis to enable the group's managing agency companies to continue to operate at Lloyd's.

Urgent action by the directors was required to avoid further substantial losses with a consequent significant reduction in the group's cash resources.

Debenhams steady at halfway

PRE-TAX profits of Debenhams, the department store chain, were little changed at £1.11m compared with £1.18m in the 28 weeks to August 15, 1981. Sales improved by 19 per cent, including VAT, from £258.47m to £307.82m.

The directors say there was an encouraging increase in sales despite the difficult trading conditions. They point out that, as is customary, a high proportion of the year's profits is earned during the Christmas period.

They do not consider, however, that an increase in consumer spending is likely in the months ahead, particularly with interest rates at their current high level. Positive steps have been taken to reduce costs further and improve efficiency.

There was a drop from £2.64m to £1.78m in interest charges in the first half, but tax increased from £1.22m to £1.35m. After preference dividends of £43,000 (same), the attributable loss came out at £280,000 compared with £78,000.

The interim dividend is unchanged at 2.04117p—last year's total was 6.3656p from pre-tax profits of £25.02m.

See Lex

Molins profits down as feared

FEARS expressed at its annual meeting that pre-tax profits for the first half of 1981 would be down on last year have been borne out at Molins, and the figures have fallen from £4.7m to £3.3m. The interim dividend is unchanged at 2.2p—last year's total was 7.898p from pre-tax profits of £8.9m.

Turnover of this manufacturer of machinery for the tobacco industry and of paper and board converting machinery, rose from £59.4m to £65.6m.

The profits are struck after redundancy costs of £700,000 in connection with the continuing re-organisation of the Deptford division in South London. The trading situation at this division (cigarette packaging machinery), which has been unsatisfactory in recent years, improved steadily during the first half and the directors expect this trend to continue.

They say that, overall, the group's second half should show an improvement over the first six months. The forecast made in the annual report in April that profits for the full year would be somewhat lower than those in 1980 still holds.

Group interest charges during the first half fell by half to £500,000, and UK tax was down from £1.1m to £200,000, but there was an increase from £400,000 to £1.3m overseas. Attributable profits emerged at £1.7m (£3.5m)—last year's total included extraordinary credits of £400,000. Stated earnings per 25p were down from 10.8p to 5.7p after tax.

● comment

Molins hopes that its two-year profit slide is at an end. The disruptive development period of the new Mark 10 cigarette maker is nearly over and the 1982 order book for packaging machinery is nearly full, indicating that the group has recovered its competitive position here. On the paper machinery side, UK markets for finishing machines are still moribund but Langston in the U.S. is at last making a reasonable contribution and its corrugating machinery is being added to the UK company's line. The high overseas tax charge reflects much improved results in the U.S. but elsewhere overseas margins have been squeezed by exchange rates that have favoured German and Italian competitors. The thinly traded shares rose 6p to 154p yesterday where the prospective fully taxed p/e, assuming profits of just over £8m for the year, is about 11. The yield is 7.4 per cent.

W Canning dives to £210,000

FIRST-HALF taxable profits for 1981 of the Birmingham based chemicals, metals and electronics group W. Canning fell from £1.01m to £210,000 on reduced turnover of £23.35m compared with £35.75m.

However, the interim dividend is being maintained at 1.724p net per 25p share against 3.978p for the whole of last year—paid on pre-tax profits of £1.63m and earnings per share of 10.1p. For the six months earnings are given as 1.2p (6.2p) per share.

Mr B. Tromans, chairman, says it is difficult to predict the outcome of the full year, as he cannot see any early upturn in the UK economy, which is the group's major market.

The taxable profits were struck after charging losses incurred by Holyhead Engineering Company of £128,000 (£50,000) caused by reduced demand for large metal and plastic fabrications. This subsidiary was closed on July 31, thus further reducing the group's commitment to the capital goods sector.

Demand for chemicals and allied materials by the group's UK customers remains low but the rationalisation measures taken during the last two years have ensured the continuing profitability of the subsidiaries concerned.

● comment

W. Canning has had a rather poor first half. The downturn in demand for its products, which started in the second half of last year, has been exacerbated by an explosion at John Betts Refiners. Most of the collapse in both sales and profits was a result of the deteriorating position at Betts where production was halted and margins adversely effected by lower silver prices. The decision to close Holyhead Engineering will probably mean an extraordinary item of about £550,000 beneath the line at year end. Group borrowings have risen since year end due to the acquisition of Osro, Marston and the purchase of materials for John Betts. The second half will see a small fillip from first contribution from the acquisitions but elsewhere in the group there is no sign of an upturn in demand. Unless the company's insurance claim for damage and loss of profits at John Betts is met in full, the group will do well to earn £850,000 in the full year. The shares at 50p yield nearly 12 per cent.

Sharp fall at Helene of London

THE DOWNTURN experienced by Helene of London, fashion and leisure wear manufacturer, in the second half of 1980—persisted in the six months to June 30 1981, taking pre-tax profits from £617,362 to £202,760.

Nonetheless, it is maintaining the interim dividend at 0.37p net per 10p share, last year's total having been 1.48p on a taxable surplus of £1.13m.

Earnings per share are given as 0.6p (1.5p). The board expects results for the second half to improve.

The next set of figures will show an extraordinary profit of £60,000 arising from the sale in July of Helene's 50 per cent interest in Clobber Knitting. The cost of this had been provided for in last year's accounts.

Turnover this time was down from £6.84m to £5.14m. After tax at £72,800 (£321,028) and minority interests, the resulting profits were £124,460 (£294,627).

Courtney Pope moves to £0.72m

An increased final dividend has been announced by Courtney, Pope Holdings, maker of shopfittings and lighting, after boosting taxable profits to £720,000 in the year to May 31 1981, against £452,000.

The final pay-out is 1.85p net per 20p share (1.2p) for a total of 3.05p (2.4p), regaining the 1979 level. Earnings per share are given as 11.72p (9.21p).

The directors say they can look forward cautiously to a further improved result providing that the current trading pattern does not worsen. The performance since May has been in line with the budget.

Turnover advanced from £23.3m to £28.74m. The pre-tax profits were struck after charging non-recurring redundancy costs of £160,000. Last time there were exceptional debits of £66,000.

Tax, nil last time, ook £146,000, leaving profits at £574,000.

The deputy chairman says the results were adversely affected by "continued erratic activity" in the shopfitting division. "Overall, liquidity was improved by stock reduction and detailed financial control," he says.

Butler Store Equipment, its U.S. subsidiary acquired towards the end of 1979, had made an acceptable contribution to profits, all of this coming in the second half.

Scottish TV held back by costs

RISING COSTS pulled pre-tax profits of Scottish Television, the IBA-appointed contractor for central Scotland, down from £1.16m to £919,775 in the half-year to June 30 1981.

The interim dividend is being raised from 1.4p to 1.75p net per 10p share, in order to reduce the disparity. Last year, when taxable profits reached £2.03m, a total of 5.95p was paid.

Earnings per share are given as 8.59p (10.32p) for the first half.

Sir Campbell Fraser, the chairman, expects the second half to be substantially better than the first. Advertising sales have strengthened every month since July.

However, this was not the picture in the first three months of 1981, when revenue from this source barely matched the same period in the previous year. "Growth was resumed in the second quarter of the year but it was not sufficient to offset the rise in costs," he says.

Overall, turnover rose slightly from £14.04m to £14.87m. This comprised £14.1m (£13.35m) from the sale of advertising time and £765,337 (£683,203) sales of the company's programmes and services.

Tax took £475,000 (£625,000), leaving profits of £444,775 (£533,888). The amount absorbed by the interim dividend was £90,563 (£72,450).

Sir Campbell had noted in his statement accompanying the annual accounts last April that with the obligations arising from the renewal of its broadcasting contract for the next eight years, particularly with the advent of Channel Four—considerable pressure would be exerted on profits in 1981 and 1982.

BIDS AND DEALS

Warren block eludes McLeod

G. T. MANAGEMENT, the investment management group, has bought a large block of shares in Warren Plantation Holdings, the tea producer, of which McLeod Russel, the plantations group, has gained control. For the moment it plans to remain a substantial minority shareholder.

G.T. Management acquired a total of 1.339m shares—more than 11 per cent—shortly after the revised bid terms of McLeod were revealed, offering shareholders of Warren 240.5p per share. Of these 150,000 were bought at 240p at a further 1,189,625 at 260p.

The total it has paid for its stake is £3.36m. Together with shares which it already holds G.T. has a near-15 per cent holding.

At the same time it was revealed yesterday that International Plantations and Finance, the Danish plantations group which made a counter offer for Warren earlier this week, has disposed of the 55,000 shares in Warren which it acquired earlier this week as a platform for its bid. The price International received for its stake is 259p per share.

Mr Richard Thornton, chief executive of GT Management, said yesterday: "I do not know anything about McLeod Russel but I know a hell of a lot about Warren. I like their style of management. I wanted to put ourselves in a position where our existing holding could not be compulsorily acquired."

He attacked "dawn raids"—methods by which bidding companies can swiftly acquire large blocks of shares and possible control of a company, before formal offer documents have been issued and defences mounted. McLeod had used a "dawn raid" to acquire a crucial block of shares in its Warren bid campaign. "We should be able to have the documents before we make up our minds," he said yesterday.

"McLeod Russel is only a third of the size of Warren. They may be a good company and I will be happy to talk with them to discuss the terms. But I am not going to let them asset-strip the company, not while we have a 15 per cent stake."

He added: "I do not believe in dawn raids. The fate of management should not be decided on the turn of a penny. I have nothing against McLeod Russel but I do not want to sell to them at this price."

M and G, which holds a 6.8 per cent stake in Warren, said it intended to "stay on the sidelines" and wait until the formal offer document appears.

Stockbrokers Cazenove made the purchase for GT Management and are understood to have bought about half GT's latest stake from Throgmorton Trust. Shares of Warren fell 2p to 243p in yesterday's trading.

Sale of Bemrose abandoned

BY DUNCAN CAMPBELL-SMITH

Mr Rupert Murdoch and Mr Robert Maxwell last night announced their mutual agreement to abandon the proposed sale of Bemrose to BPC.

Bemrose is the printing subsidiary of Mr Murdoch's News International which publishes Sun-Day, the recently launched colour magazine of the News of the World. The company's conditional sale for £m to Mr Maxwell's BPC was announced in June.

The completion of the sale depended upon the successful negotiation between the two parties of a full pricing schedule to govern Bemrose's work on Sun-Day at its Liverpool plant. The magazine, now four weeks old, is believed to account for about two-thirds of the company's output. Contracts with the Sunday Telegraph account for most of the rest.

Effective negotiation of the schedule had to await the appearance of Sun-Day. The success of the magazine has required the printing of 4.5m to 5m copies a week since the launch. The failure of the talks is understood to have hinged on disagreement over the price to be set on the contract rather than over any details of the work specifications.

The Office of Fair Trading has since June, been considering referring the proposed sale to the Monopolies Commission but this is not believed to have affected the outcome of the talks.

Bemrose will now continue to operate as a subsidiary of News International. Mr Murdoch and Mr Maxwell stressed in their joint statement that their respective organisations would continue to work together in the future.

Results due next week

Largely because of the sliding exchange rate, the market has been gradually raising its target for Glaxo in recent months. At the very least, Monday's preliminary announcement is expected to show a 20 per cent advance on the £66.1m pre-tax profit reported last year. Some analysts are shooting for considerably more—perhaps as much as £90m—but the snag in these higher estimates is that the accounting year ended in June. That means that although Glaxo will have derived some currency benefit from its U.S. sales, the European strength of sterling was still holding back profitability of sales in the important Italian and French markets. More recent weakness of sterling against the lira, coinciding with the Italian launch of the anti-ulcer drug Zantac (ranitidine), does hold some promise for the current year.

Interim profits of Associated Biscuits, which are to be published on Tuesday, should be well above last year's depressed £1.25m, largely because the loss-making Dickmann subsidiary in Germany was sold at the end of last year. There may also be a slight improvement in biscuit profits despite a marginal decline in volume, leading to a pre-tax figure of about £3m. However, current trends are not favourable. Snack sales are depressed and biscuit margins will suffer in the second half from the policy of Associated's bigger rival United Biscuit of holding prices this year. The shares have jumped from 59p to 70p this week amidst bid rumours. Rowntree Mackintosh has a 19.7 per cent stake.

Interim figures from Currys Group due on Monday are expected to show a small dip in profits. In July the company warned of flat trading in the High Street with the exception of video sales and TV rentals. As Britain's biggest chain of electrical retailers Currys has suffered from the general lack of demand, although Bridgers, the subsidiary discount chain appears to be doing rather well. For the six months to July 23 1980 Currys made a pre-tax profit of £4.3m. Analysts' estimates for the first six months of the current year vary between £4m and £4.5m and there is a difference of opinion over whether the company will make up the lost ground during the second half. For the full-year, estimates range from £10.5m to £12.75m compared to £12.7m in the previous period. Despite a small drop in interim profits in 1980 Curry increased its interim dividend by 25 per cent to 1.5p. No such increase is expected this year with analysts looking for a maintained interim and a few words of caution on the outlook for the year.

Among other results due next week are interim figures from Ibstock Johnsen, Empire Stores, and Rockware on Wednesday, Erith on Thursday and Forward Technology on Friday. News International reports preliminary figures on Thursday.

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Amber Day Holdings	Friday	0.9	1.9625	0.9
Cradley Printing	Tuesday	—	0.525	—
Fairview Estates	Wednesday	0.22	0.57073	1.285
Fitzwilton	Thursday	2.0	3.5	2.0
Glaxo Holdings	Monday	3.5	6.0	3.75
Green (R.) Properties	Monday	0.7	1 5	0.7
Guildhall Property	Thursday	0.75	3.9	0.75
Harrisons Malaysian Estates	Monday	2.5	8.5†	2.5
London and Montrose Investment Trust	Tuesday	1.0	2.76	1.2¶
London Scottish Finance	Monday	0.525	1.5	0.6
London and Strathclyde Trust	Tuesday	1.2‖	1.35	0.8
Lowland Investment	Friday	1.6	2.15	1.75
Lyles (S.)	Monday	2.0	3.5	2.0
Marler Estates	Thursday	1.0	1.0	1.0
News International	Thursday	—	2.4383**	2.8365
Pearce (C. H.) and Sons	Thursday	2.5	8.5	4.0
Pochin's	Wednesday	0.875	8.125	0.875
Rosehaugh	Tuesday	—	2 1	—
INTERIM DIVIDENDS				
Aberthaw and Bristol Chanl. P. Cement	Thursday	3.5	6.5	
Ash and Lacy	Tuesday	6.0	6.5	
Associated Biscuit Manufacturers	Tuesday	2.0	2.44	
British Syphon Industries	Friday	1.3	1.3	
Brook Street Bureau of Mayfair	Wednesday	1.135	1.0	
Clifford's Dairies	Tuesday	1.25	2.75	
Currys Group	Monday	0.75	3.75	
Dominion and General Trust	Thursday	3.0	7.7	
Edinburgh Investment Trust	Monday	0.84	1.12	
Empire Stores (Bradford)	Wednesday	2.4	2.7	
Energy Services and Electronics	Wednesday	0.3	0.45	
Erith	Thursday	1.35	2.75	
Executex Clothes	Friday	0.7337	1.1213	

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
Farmer (S. W.) Group	Tuesday	3.069	6.1	
Finlan (John)	Tuesday	1.5	2.5	
Fogarty (E.)	Wednesday	1.6	2.42	
Forward Technology Industries	Friday	5.6‡	2.3	
Greenbank Industrial Holdings	Thursday	0.45	0.9	
Harrison (T. C.)	Wednesday	0.92	2.03	
Hunting Petroleum Services	Tuesday	2.0	4.5	
Ibstock Johnsen	Wednesday	1.5	3.0	
Industrial and General Trust	Thursday	1.1	1.9	
John Mowlem	Thursday	1.9	6.85	
Lee Cooper Group	Thursday	1.05	1.6875	
Marshall's Universal	Wednesday	—	0.1	
More O'Ferrall	Tuesday	0.825	2.175	
Nineteen Twenty-Eight Investment Tst.	Thursday	2.0	2.4	
Sandhurst Marketing	Thursday	0.6435	1.287	
Scottish Heritable Trust	Thursday	1.0	1 5	
Scottish Mortgage and Trust	Thursday	2.5	2.8	
Securities Trust of Scotland	Wednesday	1.9	3 0	
Senior Engineering	Tuesday	0.75	0 75	
Shires Investment	Tuesday	3.0	8.8	
Spirax-Sarco Engineering	Tuesday	1.7	2.7	
Steel Brothers Holdings	Wednesday	3.15	4.85	
INTERIM FIGURES				
Hallam Group of Nottingham	Friday			
Martin (Albert) Holdings	Monday			
Midland Marts Group	Tuesday			
Rockware Group	Wednesday			

* Dividends shown net pence per share and adjusted for any intervening scrip issue. † Special dividend paid same time as final. ‡ Includes second interim payment of 3.3p for 18-month period. ¶ Full cost totalled not less than 3.6p per share. ‖ Includes a special payment of 0.5p. § For 13 months to May 30. ** For six months to June 30 1980.

Ingall Ind. payment up to 2.5p

FOR THE year ended June 30 1981 Ingall Industries has pushed up its attributable profit from £153,086 to £447,711, and is raising its dividend from 2.27p to 2.50p per share, with a final of 1.69p.

The directors had expected to increase the total payment by 10 per cent.

Turnover for the year was down at £4.46m, against £4.89m, and the pre-tax profit fell from £434,560 to £379,788, after deducting interest of £40,831 (£66,410). Tax took £192,851 (£235,730) and there were extraordinary credits of £260,841 (debits £45,727). Earnings are stated at 3.46p (3.71p).

On a CCA basis the profit before tax is shown as £344,000.

The group's activities cover general engineering and funeral directing.

Results of subsidiaries acquired during the year are included from the effective date of acquisition, those of Ingall Parsons Clive, sold during the year, are up to the effective date of disposal.

The extraordinary credit relates to the surplus on the sale of Ingall Parsons Clive and other property, less redundancy costs at an engineering subsidiary.

RUBEROID

The 1.4m shares that Ruberoid proposes to allot to the National Coal Board Pension Funds will not rank for the 1.3p interim dividend.

Lonrho buying up hotel company

BY KEITH HUNT IN BERMUDA AND JOHN MOORE IN LONDON

Lonrho, the international trading conglomerate, is poised for a complete takeover of Princess Properties International, the Bermudan-based hotel company in which Lonrho at present has a half share. According to the Bermudan Government, Lonrho has made application to purchase the other half.

Lonrho will be buying its half share from the American billionaire Daniel K. Ludwig who has had a business association with Lonrho and its chief executive, Mr Tiny Rowland, for the last two years.

The Bermudan Government has said that it has received a formal application, and that "there is every likelihood that the representations will be approved."

Rumours have been circulating for months that Lonrho would take full control of the hotel chain by buying out Mr Ludwig's stake. Speculation mounted as the 84-year-old billionaire's plans to build a huge agricultural complex in Brazil turned sour following bureaucratic delays, arguments and mounting losses.

Lonrho paid $81m in cash two years ago for its stake and issued 5m shares to Mr Ludwig worth £36m at the time. Princess has hotels in Bermuda, Bahamas, Mexico and California.

Mr Robert Dunlop, a Lonrho director, has now described the latest move as "merely sounding out the waters." But he confirmed that Lonrho has been negotiating with Mr Ludwig's company, Universal Tankships.

Reed Executive £0.95m in red

IN THE 27 weeks to July 4 1981, Reed Executive incurred pre-tax losses of £954,000 compared with profits last time of £503,000 and second half losses in 1980 of £254,000. Turnover for the period slipped from £17.47m to £16.41m.

The interim dividend has been set at a nominal 0.1p net (1.5p) per 10p share to retain the company's trustee status. Last year the final was missed.

The taxable losses comprised a deficit of £727,000 (£847,000 surplus) from the employment agency, the selection consultancy and the travel agency, and a deficit from the self-service drug stores of £182,000 (£344,000).

There was again no tax charge.

Mr Alec Reed, chairman, says the loss is in line with expectations and the company's budgets. These forecast further but reduced losses for the second half and the company is currently performing to them.

Since the summer the employment agencies have shown promising signs of increased activity. The company has decided to maintain its branch representation while drastically reducing central costs to ensure that it is well placed to take advantage of renewed demand for its services.

The other companies in the group have all improved performance on last time. It is gratifying that Medicare almost halved its loss in line with the directors' expectations, Mr Reed adds.

● comment

Reed's figures bear the scars of maintaining a costly branch network when turnover of its employment agencies has fallen by 23 per cent. Job registrations are down by about 50 per cent, but this has not deterred the company from going ahead with the opening of several new branches. Despite the 3m unemployed only one in six of these vacancies gets filled. Reed has made 200 of its 750 staff redundant and hopes this, together with close attention to central costs, will save about £1m on an annualised basis. Medicare continues to advance slowly but will not be in the black until 1982. The five travel agents have improved on last year's performance and plans are under way to put mini travel shops inside some employment agencies. Reed says there are signs that demand is bottoming out, but even so, a full year loss of around £1.5m is on the cards. The shares fell 3p to close at 31p, at which level the market capitalisation is £3.25m.

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Dow Scanfa Banking Corporation, the London affiliate of the Zurich-based Dow Banking Corporation, made an agreed 320p per share cash bid for Arbuthnot Latham, the City accepting house, valuing the latter at £25m. Shareholders representing 51.1 per cent of the AL share capital have irrevocably undertaken to accept the offer and the bid marks an end to months of speculation about the future ownership of the 148-year old merchant bank.

McLeod Russel won control of Warren Plantation Holdings, but only after increasing its offer to 240.5p per share, following the Warren Board recommended acceptance of a surprise 240p per share cash offer worth £25.25m from Danish plantations' group, International Plantations and Finance. McLeod, which had already built up a 46 per cent stake in Warren, quickly managed to acquire the necessary extra few per cent of Warren it needed to gain control.

F. J. C. Lilley, the Glasgow-based civil engineering and contracting group, emerged as the bidder for MDW Holdings, the Glasgow construction and property group. The terms are one Lilley share plus 100p cash for every two MDW shares, placing a value on the latter of £7.78m, or about 114p per share.

General Tire and Rubber of South Africa launched a 200p per share cash bid for the 80 per cent of Hallite Holdings it does not already own. The bid value the entire equity of the rubber and plastic seals manufacturer at £4.81m, but the Hallite Board is not supporting the bid and strongly advises shareholders not to accept.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Allen Harvey and Ross	289	285	247	7.65	Cater Ryder
Arbuthnot Lathm.	320*	305	305††	23.86	Dow Sc. Bkg.Cpn.
Berec	105§	105	94	59.65	Hanson Trust
Blantyre Tea	69*	93	69	0.80	Eastern Produce
Braham Millar	24*	27½	23	3.02	Fieldwood
Brown Bros.	30*	28	25	4.26	Dana Corpn.
Caird (Dundee)	*15**	*16*	*13††*	*0.42*	*New Venture Carpets*
Durapipe	40*	37	25	3.93	Glynwed
Gaunt (Rowland)	25*§‡	35	22	0.05	Queensway Secs.
Guthrie	901*§	875	662	140.00	Permodalan Nsnl.
Hallite Hldgs.	200*	208	195	4.80	Gen. Tire & R. SA
Alex. Howden	161	134	142	146.28	Alexander and Alexander Srvs.
Letraset	156‡§§	137	140	66.74	Esselte AB
Linfood Hldgs.	179‡§	172	152	16.26	Argyll Foods
MDW Hldgs.	115‡§§	112	82††	7.80	F. J. C. Lilley
Moss (Robert)	32*§	42	20	1.66	Orchard Holdings
Ofrex¶¶	190*	190	138	37.74	Gallaher
Provident Life	340*§	326	222	16.18	Winterthur Swiss
RCF	24*§	24	18	1.94	Bardsey
Ruo Estates	58*§	59	58	0.79	E. Produce and Lawrie Plntatns.
Serck	60*	56	36	25.52	BTR
Unochrome Inds.	25*§	24	15½	2.93	Eastern Produce
Viners	2*	3½	15††	0.12	Consortium
Warren Plants.	240½*§	243	190	21.60	McLeod Russel
Westbrick Prods.	87*	85	85	3.73	Beazer (C. H.)

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ** Based on October 9 1981. †† At suspension. ‡‡ Estimated. §§ Shares and cash. ¶¶ Unconditional.

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Anchor Chemcl.	June	279	(267)	1.0	(2.38)
Percy Bilton	June	3,200	(2,610)	2.5	(2.5)
Bronx Engineerg.	May	533L	(355)	0.25	(0.29)
Bruntons (Musl.)	July	760	(721)	4.25	(4.25)
Brown Boveri Knt	June	1,340L	(540)	—	(—)
Brown & Jackson	June	47	(1,390)	—	(4.0)
Comfort Hotels	July	93L	(729)	0.2	(0.2)
Comp. & Sys. Eng.	June	477	(317)	—	(—)
Cope Inds.	June	3,340	(4,620)	3.9	(3.9)
R. Cartwright	June	177	(270)	1.25	(1.0)
Christies Intl.	June	3,260	(3,620)	2.0	(2.0)
Combined English	Aug.	116	(380)L	1.49	(1.49)
Charles Clifford	June	*225L*	*(159)L*	—	(—)
Downiebrae	June	194	(207)	—	(0.9)
Eucalyptus Pulp	June	2,320	(2,690)	—	(—)
Farnell Electrncs.	July	3,520	(2,970)	1.8	(1.5)
James Finlay	June	5,870	(5,430)	2.0	(2.0)
First Castle Elec.	July	430	(202)	0.87	(0.72)
Foster Bros.	Aug.	1,220	(3,120)	1.1	(1.1)
Fothergill Harvey	June	734	(1,040)	2.75	(2.75)
Freemans	Aug.	6,570	(5,080)	1.9	(1.7)
Grampian Hldgs.	June	373	(530)	1.5	(1.5)
Green's Econmsr.	June	1,340	(1,080)	2.75	(2.24)
Hamilton Oil	June	10,940	(9,250)	—	(—)
Harris Queensway	June	2,920	(1,220)	1.33	(1.33)
Hewden-St. Plant.	Aug.	129	(2,750)	0.48	(0.48)
Higgs and Hill	June	1,540	(802)	2.5	(2.0)
Holt Lloyd Int.	Sept.	2,190	(2,000)	1.5	(1.5)
House of Lerose	June	471	(568)	2.0	(2.0)
J.B. Holdings	June	1,670	(1,000)	2.0	(1.5)
W. and R. Jacob	July	658¶	(132)	1.5	(1.2)
Jove Invst. Tst.	Aug.	268	(288)	2.0	(2.0)
Laing Props.	June	4,250	(3,400)	1.75	(1.5)
Lamont Hldgs.	June	131	(121)	0.4	(0.4)
London & Cnt.Ad.	June	160	(142)	—	(—)
Lyle Shipping	June	3,680	(2,330)	4.5	(4.0)
Milford Docks	June	179L	(43)L	—	(—)
Minet Hldgs.	June	5,810	(3,970)	3.01	(2.8)
Moss Bros.	Aug.	66	(78)	0.7	(0.7)
N. Brit. Cndn. Inv.	Aug.	231	(268)	1.75	(1.75)
Oldham Brewery	July	860	(864)	0.95	(0.85)a
Wm. Pickles	*June*	*362L*	*(432)L*	—	(—)
Ruberoid	June	1,030	(805)	1.3	(1.1)
Rugby Ptld. Cmt.	June	8,880	(9,330)	2.35	(2.2)
L. Ryan Hldgs.	June	123	(458)	—	(—)
Seafield Gentex	July	50¶	(350)‖L	—	(—)
Sears Hldgs.	July	35,980	(34,850)	0.7	(0.7)
Silentnight Hldgs.	Aug.	2,470	(711)	2.0	(1.0)
Silkolene Lubrics.	June	311	(647)	1.05	(1.05)
Stag Furniture	June	706	(844)	1.75	(1.75)
Streeters of Gdlg.	June	161	(147)	—	(—)
Stylo	Aug.	759L	(1,140)L	—	(—)
J. Swire and Sons	June	18,100	(10,000)	—	(—)
Francis Sumner	June	153	(230)	—	(0.35)
Suter Elect.	June	471†	(498)	0.5‡	(—)
Tanks Consol. Inv.	June	1,200	(258)	—	(—)
Triplevest	Aug.	1,440	(1,440)	3.8	(3.94)
United Carriers	July	2,900	(2,500)	1.2	(1.0)
C. & W. Walker	Aug.	333L	(367)L	—	(—)
Waterford Glass	June	5,040	(4,540)	0.6	(0.6)

(Figures in parentheses are for corresponding period.)

* Dividends shown net except where otherwise stated. † For 13 months in current 19 month period against 14 months. ‡ Second interim. First dividend of 1.25p already paid and 1p final foreshadowed. ¶ Irish pounds. ‖ For the 26 weeks to March 29, 1980. § Earnings figures are fully taxed. a Correction. L Loss.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Abrdn. Ld. Assce.	June	1,080	(1,050)	63.0	(51.4)	14.0	(10.91)
Amstrad	June	2,380	(1,360)	13.3	(11.3)	3.95	(2.0)
Asprey	Mar.	4,100	(2,000)	636.4	(311.3)	175	(25)
Belam Group	July	9,320	(8,270)	12.9	(11.4)	2.75	(2.25)
Blue Bird	July	112	(334)	4.2	(4.8)	4.35	(4.35)
Bristol Ship	Mar.	2	(330)	—	(0.2)	—	(0.4)
Campari	May	608	(975)	7.4	(7.8)	3.1	(4.0)
Cope Allman	June	373	(11,330)	2.5	(21.2)	2.0	(4.59)
Emess Ltg.	June	315	(345)	20.4	(30.5)	6.75	(6.0)
Floyd Oil	June	657	(68)L	4.9	(—)	—	(—)
Footwear Ind.Invs	May	485	(321)	8.6	(4.1)	5.04	(5.04)
James Halstead	June	1,300	(1,520)	9.5	(10.0)	2.65	(2.4)
Harcourt	Dec.	81L	(257)	—	(12.8)	1.62	(4.28)
Home Farm	May	667	(703)	6.7	(7.2)	2.9	(1.75)
Hunt and Moscrop	June	467	(258)	2.0	(0.9)	0.9	(0.9)
Jentique Hldgs.	June	8	(236)	4.2	(2.7)	1.3	(1.03)
M. P. Kent	June	4,780	(3,050)	22.6	(14.0)	2.2	(1.9)
Lawrie Plantn.	Dec.	2,010	(1,990)	38.0	(26.1)	20.0	(18.5)
Lawtex	*June*	*158L*	*(534)*	—	*(25.0)*	*1.5*	*(4.0)*
Photo-Me Intl.	April	2,160	(2,290)	94.9	(38.4)	9.45	(9.45)
E.J.Riley	July	723	(605)	6.5	(5.4)	3.85	(3.5)
Raine Engnrg.	June	25L	(162)	4.0	(0.9)	0.03	(0.43)
Sandsn. Mry. Eld.	June	13L	(42)	—	(1.3)	2.0	(2.0)
Scottish Met. Prp.	Aug.	4,430	(3,270)	4.3	(3.5)	3.25	(2.71)
Charles Sharpe	June	13	(378)	1.4§	(40.3)	27.5	(27.5)
Shaw & Marvin	Mar.	23L	(204)L	—	(—)	—	(—)

Offers for sale, placings and introductions

Asprey—The Bond Street jeweller is planning to have its ordinary shares listed on the Unlisted Securities Market from October 29.
Mores (Minerals, Oils and Resources Share Fund)—Is making an offer for sale of 300,000 shares at U.S.$10 each.
Lowe's Companies—London listing.

Rights Issue

British Benzol Carbonising—Is raising £620,000 by way of a one for two rights issue at 14p per share.

Scrip Issues

Bejam—One for three.
City of Aberdeen Land Association—One for eight.
Scottish Metropolitan Property—One for eight.
Asprey—Four ordinary plus four £1 9½ per cent preference shares for each ordinary share held.

BASE LENDING RATES

A.B.N. Bank	16 %	■ Guinness Mahon	16 %
Allied Irish Bank	*16 %*	■ *Hambros Bank*	*16 %*
American Express Bk.	16 %	Heritable & Gen. Trust	16 %
Amro Bank	16 %	■ Hill Samuel	§16 %
Henry Ansbacher	16 %	C. Hoare & Co.	†16 %
■ Arbuthnot Latham	16 %	Hongkong & Shanghai	16 %
Associates Cap. Corp.	16 %	Knowsley & Co. Ltd.	16½ %
Banco de Bilbao	16 %	Langris Trust Ltd.	16 %
BCCI	16 %	Lloyds Bank	16 %
Bank of Cyprus	16 %	Mallinhall Limited	16 %
Bank of N.S.W.	16 %	Edward Manson & Co.	17 %
Banque Belge Ltd.	16 %	Midland Bank	16 %
Banque du Rhone et de la Tamise S.A.	16½ %	■ Samuel Montagu	16 %
Barclays Bank	16 %	■ Morgan Grenfell	16 %
Beneficial Trust Ltd.	17 %	National Westminster	16 %
Bremar Holdings Ltd.	17 %	Norwich General Trust	16 %
Bristol & West Invest.	17 %	*P. S. Refson & Co.*	*16 %*
Brit. Bank of Mid. East	16 %	Slavenburg's Bank	16 %
■ Brown Shipley	16 %	E. S. Schwab	17 %
Canada Perm't Trust	16½ %	Standard Chartered	‖16 %
Cayzer Ltd.	16 %	Trade Dev. Bank	16 %
Cedar Holdings	16 %	Trustee Savings Bank	16 %
■ Charterhouse Japhet	16 %	TCB Ltd.	16 %
Choulartons	16 %	United Bank of Kuwait	16 %
Citibank Savings	¶15 %	Whiteaway Laidlaw	16½ %
Clydesdale Bank	16 %	Williams & Glyn's	16 %
C. E. Coates	16 %	Wintrust Secs. Ltd.	16 %
Consolidated Credits	16 %	Yorkshire Bank	16 %
Co-operative Bank	*16 %		
Corinthian Secs.	16 %		
The Cyprus Popular Bk.	16 %		
Duncan Lawrie	16 %		
Eagil Trust	16 %		
E. T. Trust Limited	16 %		
First Nat. Fin. Corp.	17 %		
First Nat. Secs. Ltd.	17 %		
Robert Fraser	16 %		
Antony Gibbs	16 %		
Grindlays Bank	‡16 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 14.5%. 1-month 14.75%. Short term £4,000/12 month 16.35%.
† 7-day deposits on sums of £10,000 and under 14%, up to £50,000 14½% and over £50,000 14¾%.
‡ Call deposits £1,000 and over 14%.
§ Demand deposits 14½%.
‖ 21-day deposits over £1,000 15½%.
¶ Mortgage base rate.

LONDON TRADED OPTIONS

Oct. 9. Total Contracts 2,430. Calls 1,891. Puts 539

Option	Ex'rcise price	Oct. Closing offer	Vol.	Jan. Closing offer	Vol.	April Closing offer	Vol.	Equity close
BP (c)	240	62	25	76	—	82	—	298p
BP (c)	260	42	23	58	—	66	—	"
BP (c)	280	22	111	42	—	48	11	"
BP (c)	300	10	40	30	115	38	5	"
BP (c)	320	2½	14	18	17	—	—	"
BP (c)	350	1	—	10	25	—	—	"
BP (p)	240	1½	—	3	3	5	—	"
BP (p)	260	2	—	7	—	9	1	"
BP (p)	300	12	10	22	5	28	—	"
BP (p)	320	24	20	32	7	—	—	"
BP (p)	350	50	—	52	1	—	—	"
BP (p)	380	80	—	82	30	—	—	"
CU (c)	130	15	2	—	—	—	—	142p
CU (c)	140	7	1	18	—	25	—	"
CU (c)	160	2	—	9	3	12	—	"
CU (c)	180	¾	—	5	—	7	5	"
Cons. Gld (c)	460	4	39	13	9	16	—	506p
Cons. Gld (c)	500	15	148	25	6	55	13	"
Cons. Gld (c)	550	45	1	63	47	70	26	"
Cons. Gld (p)	420	90	—	105	1	117	—	"
Cons. Gld (p)	460	50	2	75	—	92	—	"
Cons. Gld (p)	500	14	10	53	5	63	—	"
Court'lds (c)	50	6	—	10	8	12	—	55p
Court'lds (c)	70	¾	—	2½	—	3	3	"
GEC (c)	650	55	50	92	1	117	—	700p
GEC (c)	700	17	13	55	12	82	—	"
GEC (c)	800	1	—	18	5	35	25	"
Gr'd Met. (c)	160	17	11	26	—	32	2	174p
Gr'd Met. (c)	180	4	2	15	72	21	20	"
Gr'd Met. (c)	200	1	—	8½	75	14	10	"
Gr'd Met. (p)	160	5	28	7	12	11	25	"
Gr'd Met. (p)	180	10	24	18	—	22	—	"
Gr'd Met. (p)	200	27	—	29	1	31	—	"
ICI (c)	240	30	21	41	3	52	5	258p
ICI (c)	260	15	103	29	3	39	—	"
ICI (c)	280	4½	105	19	24	28	—	"
ICI (c)	330	½	—	2½	5	—	—	"
ICI (p)	240	3	—	8	1	15	—	"
ICI (p)	260	6	53	14	22	20	—	"
ICI (p)	280	17	23	18	8	23	—	"
Land Sec. (c)	288	14	14	30	8	—	—	296p
Land Sec. (c)	312	5	15	14	—	—	—	"
Mks & Sp (c)	110	10½	1	17	10	21	—	118p
Mks & Sp (c)	120	3½	54	10	—	15	—	"
Mks & Sp (c)	130	½	—	6	5	9	—	"
Mks & Sp (c)	140	¼	—	2½	5	5	7	"
Shell (c)	330	22	6	38	2	52	—	348p
Shell (c)	360	6	7	22	2	34	—	"
Shell (c)	390	1½	—	12	1	20	—	"
Shell (p)	300	1½	—	4	—	6	3	"
Shell (p)	330	5	—	10	3	13	—	"
Shell (p)	360	16	—	20	37	26	10	"
Shell (p)	420	74	10	74	—	74	6	"
		November		February		May		
Barclays (c)	390	37	2	55	—	62	—	420p
Barclays (c)	420	18	—	38	10	43	—	"
Barclays (c)	460	5	5	17	27	25	2	"
Lasmo (c)	420	100	1	127	—	135	1	517p
Lasmo (c)	500	38	—	67	2	84	—	"
Lasmo (c)	550	14	3	35	—	52	2	"
Lasmo (c)	600	7	—	20	5	32	—	"
Lonrho (c)	70	12	2	15	—	17	—	79p
Lonrho (c)	80	5	—	9	3	11	7	"
Lonrho (c)	90	1½	—	3	54	6½	4	"
Lonrho (p)	80	5	7	8	—	9	1	"
P & O (c)	100	8	14	13½	1	16½	—	103p
P & O (c)	110	3	2	8½	2	11½	3	"
Racal (c)	330	102	1	115	1	—	—	425p
Racal (c)	390	42	12	65	1	80	1	"
Racal (c)	420	22	2	40	23	60	—	"
Racal (c)	460	5	26	25	13	40	10	"
Racal (c)	500	2	—	15	—	25	50	"
Racal (p)	330	3	—	5	5	—	—	"
Racal (p)	360	11	66	13	15	20	—	"
Racal (p)	390	13	13	18	7	25	2	"
Racal (p)	*420*	*22*	*16*	*28*	*4*	*35*	*10*	"
Racal (p)	460	40	4	43	—	45	2	"
Racal (p)	500	80	—	83	3	85	2	"
RTZ (c)	420	103	5	—	—	—	—	514p
RTZ (c)	460	67	10	92	1	107	—	"
RTZ (c)	500	45	14	70	16	87	12	"
RTZ (c)	550	22	54	45	37	77	11	"
RTZ (c)	600	10	6	29	—	42	15	"
RTZ (c)	650	5	4	12	6	—	—	"
RTZ (c)	460	12	—	17	—	20	20	"
RTZ (p)	*500*	*20*	—	*27*	—	*30*	*10*	"
RTZ (p)	550	50	1	57	—	62	—	"
Vaal Rfs. (c)	60	16	—	19	1	20½	—	$73
Vaal Rfs. (c)	70	7¾	5	11	6	13	1	"

C=Call P=Put

APPOINTMENTS

New chairman for Walton

Mr Derek Harrington has been appointed chairman of WALTON CONTAINER TERMINAL, the company formed by the C. Y. Tung Group in March 1980 to *equip and operate the new £27m* container terminal at the Port of Felixstowe.

The previous chairman of WCTL, Mr C. H. Tung, remains on the board as a director. The internal promotion of Mr Harrington, formerly vice chairman, is on the recommendation of Mr Tung, as it was considered to be in the company's best interests to have the chairman based at Walton.

Mr Brian Shaw, chairman and *managing* director of Furness Withy, has joined the board of WCTL.

★

Mr A. Conlong, general manager—investments of ICI, will retire on March 31. Following his retirement, ICI's insurance and pension fund investment activities will be combined and on April 1 Mr B. C. Hines, managing director of IC Insurance Holdings since 1974, *will become manager, insurance* and investments.

★

Dr G. W. Richards is to relinquish his position as chairman of Billiton (UK), and will resign from the board from *January* 1. He will be proposed to the shareholders of BILLITON INTERNATIONAL METALS BV, The Hague, for appointment as a member of the board from the same date. Mr K. E. Maddocks, who has been head of Billiton International Metals' commercial division since December 1978, is to succeed Dr Richards as chairman of Billiton (UK) and will be proposed to the shareholders for election as *a director of that company from* November 1.

★

The following promotions have been made by CONTINENTAL ILLINOIS National Bank and Trust Company of Chicago involving personnel at its European headquarters in London. Mr Sunil Sreenivasan has been named vice-president, and Mr Malcolm D. Frow a second vice-president, in special industries services. Mr David L. McMenamin has been named a *second vice-president in the* international banking division.

★

Mr Brian Allison has been appointed an assistant general manager of MIDLAND BANK, with particular responsibility for the development and co-ordination of the Midland Bank Group's strategy in the field of personal international payment systems.

★

Lord Lloyd of Kilgerran has joined the board of MORGAN MARINE as a non-executive director.

★

Mr S. F. B. Heaton has been appointed a director of TUDOR PHOTOGRAPHIC GROUP.

★

Mr Harold S. C. Fuggle has retired as *company secretary of* AKZO CHEMIE UK. He is succeeded by Mr John Knapp.

★

Mr Robin M. Andrews has resigned from Walwyn, Stodgell, Cochran Murray and Co (formerly Mead and Co.) the Canadian brokers, to become chairman of RESOURCES CAPITAL.

★

Mr H. A. Rees and Mr A. Chapple, directors of C. H. Beazer (Holdings), have been appointed directors of WESTBRICK PRODUCTS. Mr Chapple has also been appointed company secretary. Mr J. W. Sutherland, deputy chairman, has resigned. Mr S. C. Dowling, group managing director, has resigned, but is expected to undertake consultancy assignments *associated* with the management and integration of the two groups. Mr J. E. A. Statham has resigned as company secretary.

★

Mr Brian Pellard has been *appointed director of* TARMAC REGIONAL CONSTRUCTIONS western region. He succeeds Mr George Stones, who has been appointed managing director of Holland, Hannen and Cubitts—part of Tarmac Regional Construction—based in Richmond, Surrey.

★

Mr Tom Seabrook will be joining CORAH shortly as director of marketing and sales. Mr Malcolm Lodge, alternate director responsible for the knitwear division is appointed a director. Mr John Menzies, group executive, responsible for the underwear and outerwear groups now to be amalgamated into the light sewing division, is appointed a director. Mr Stuart Almond, group executive, is appointed director of personnel.

★

Mr Bill Burgess has been appointed director responsible for TAC's building and insulation and pipes divisions.

★

Mr S. A. North has been appointed *an assistant director of* WINCHESTER BOWRING, Lloyds brokers.

★

HADDON HOCKERS, Wallingford, Oxon, has changed hands. Mr Denys Randolph, recent chairman of Wilkinson Sword and Wilkinson Match has acquired a majority holding of the shares from John and Mary Labouchere, founders of the company 13 years ago, and becomes chairman. Mr Labouchere stays as managing director and Mrs Labouchere as secretary for 1981 and Mr Labouchere as consultant for 1982.

★

Mr John Ford, formerly managing director of Copy Research International and group company secretary of Fleet Street News Agency and associate companies, has joined DEWE ROGERSON, as a senior public relations executive.

★

Mr R. P. Newbigging has retired from WHEWAY WATSON HOLDINGS, and resigns as a director of the Group board and its subsidiaries. Mr W. G. Biggart and Mr P. L. McGeoch and Mr R. Rutherford resign as directors of Joseph Shakespeare and Co. Mr W. N. Ward is appointed chairman and Mr G. T. Davies is appointed a non-executive director. Mr R. Rutherford has resigned as managing director of JOSEPH SHAKESPEARE AND CO. (OLD HILL). Mr R. Shakespeare resigns as a director. Mr J. Shakespeare is appointed managing director, and Mr H. V. Cheadle is appointed technical and development director with special responsibilities for group forging requirements.

★

Mr Ian Bird has been appointed managing director of BELLWAY (SCOTLAND). Mr David Jarvis *become sales director of* BELLWAY (BUILDERS), Gosforth. Mr Peter Stoker has been appointed assistant company secretary to BELLWAY.

★

CHRISTOPHER TILLY AND ASSOCIATES *executive search* consultancy and a member of the Ward Howell International Group, has appointed two new directors, Ms Deborah Garrett and Mr Neil Mackay.

★

Mr John Jeffrey-Cook has been appointed director of publications at DELOITTE HASKINS AND SELLS.

SPAIN

October 9	Price %	+ or −
Banco Bilbao	356	
Banco Central	342	+7
Banco Exterior	306	+10
Banco Hispano	320	+9
Banco Ind. Cat.	118	
Banco Santander	382	+7
Banco Urquijo	245	+4
Banco Vizcaya	381	+9
Banco Zaragoza	235	
Dragados	173	+13
Espanola Zinc	74	+1
Fecsa	69.2	+0.7
Gal Preciados	51.5	−0.5
Hidrola	76.5	+1.5
Iberduero	57	
Petroleos	110.2	
Petrolíber	85	
Sogefisa	51	
Telefonica	79	−0.7
Union Elect.	74	+1

CORAL INDEX
Close 494-499 (+9)

WORLD STOCK MARKETS

Profit-taking checks Dow rise

AFTER A BRIEF firm start, Wall Street turned mixed in increased trading yesterday, following profit-taking after the sharp rises of the past two sessions.

By 1 pm the Dow-Jones Industrial Average was up 0.57 at 878.71, *making a rise of 17.98 on* the week, while the NYSE All Common Index, at $70.73, was off one cent on the day but up $1.87 on the week. Advances led declines by only a slight margin, after a lead of more than two-to-one earlier. Volume rose 5.6m *shares to 39.4m, compared with* 1 pm yesterday.

Analysts said there was fresh optimism that interest rates will drop. Yesterday morning Citibank chairman, Walter Wriston, predicted that the prime rate will decline to 9 or 10 per cent from the current 18½ to 19 per cent by the end of 1982.

Novo were up $1⅞ to $39, Cincinnati Milacron $1½ to $26½, Colt $3¼ to $80, Ingersoll-Rand $1⅞ to $59 and Chicago Milwaukee $1½ to $53¼.

Dean Witter Reynolds were marked up $13¼ to $47⅞ after an extended opening delay and Sears gained $¼ to $17¾. Sears, which agreed to acquire Dean Witter for $50 per share, said its earnings for the third quarter may be down slightly and started its tender offer for Coldwell Banker.

Coastal Corporation picked up $1¼ to $42¾. Sri Lanka approved a draft of a company proposal to set up an oil terminal at Tricomalle.

Williams slipped $¾ to $24¾—it said it will report a third quarter operating loss due to the depressed phosphate market.

Grumman, which Thursday introduced a new City Transit bus, gave up $1¼ to $35¾.

THE AMERICAN SE Market Value Index was up 0.27 to 315.80, *making a rise of 8.13* on the week. Volume 3.23m (2.47m) shares.

AAV gained $¾ to $7⅞ on sharply higher second quarter earnings.

Matrix advanced $1⅜ to $20 but Beverly Enterprises lost $1 to $20¾.

Canada

Stock prices moved mostly higher in light trading around noon yesterday, when the Toronto Composite index rose 8.5 to 1,966.8.

The Gold Share index advanced 78.1 to 3,831.2, while Metals and Minerals gained 1.1 to 1,967.9, Banks 10.07 to 353.52 and Utilities 1.46 to 230.25. But Oil and Gas shed 8.9 to 3,780.1 and Papers 0.56 to 194.40.

Trading in Drummond McCall was halted at the opening, pending results of a hearing later yesterday into a partial takeover of the firm.

Paris

Share prices closed higher after an uncertain start and were supported by lower interest rates in several leading countries.

In France Call Money dropped to 17¾ per cent from 18½ per cent following lower rates in the U.S., UK and West Germany.

Building and Public Works and Oil stocks showed the strongest gains.

Germany

Leading shares gave up most of their early gains as initially strong buying interest waned ahead of the weekend.

Banks benefitted from lower Domestic Band yields, but eased from the day's highs.

In Engineerings, Linde were up DM 2 at DM 331 while, in Steels, Hoesch were barely changed at DM 20, unaffected by news the West German Government rejected requests for aid from Estel-Hoesch AG and Krupp Stahl AG.

The rally on the Domestic Bond Market was maintained, with price gains of up to DM 1 in Public Authority Loans. The new 10¾ per cent Federal Post Office Bond traded officially for the first time around DM 103.

The Bundesbank sold DM 38.70m of stock.

Mark Eurobonds gained ¼ to ½ percentage point.

Switzerland

Firm in active trading after the week's steady advance. The *decline of the dollar and Chase* Manhatten Bank's U.S. prime rate cut aided sentiment.

In the Bond sector, Foreign Bonds rose as a stronger Swiss franc attracted some fresh buying from abroad.

In the Foreign sector, Dollar *stocks were mixed around over*night New York closing prices, but German shares advanced.

Dutch Internationals were mixed and, among European Oils, Norsk Hydro retreated while Elf Aquitaine rose. South African Mining Financials were mixed.

Milan

Prices resumed their downtrend after one day of respite caused by a technical demand.

Cement shares were against the general trend to post good gains.

Eridania were featured with a 4.6 per cent gain on news of positive first half-year results. It is also rumoured to be preparing to announce cancellation of its proposed Rights offering because *of the market's difficulties.* It will go ahead with a one-for-five share split, however.

Singapore

The market closed higher on buying support and short covering in moderate selective trading.

A broker said he noticed some Institutions moving out of Industrial shares into Banks and Properties.

Among Industrials, Gentings, the owner and operator of Malaysia's only Casino, rose 16 cents to $HK4.82 in active trading—it said the acquisition of three Singapore rubber companies was completed.

Hong Kong

Share prices continued their upward trend in heavy trading. The Hang Seng index closed at 1,302.42, up 35.90 from Thursday, a total of 188.67 in the past three days, following a drop of 166.3[illegible] in the previous three sessions.

Dealers again attributed the rise to Institutional buying carried out by inflow of money from South East Asian countries.

Many overseas investors apparently believe Hong Kong shares are under-valued despite adverse economic conditions here caused by a double-digit inflation.

Tokyo

Share prices closed mixed in thin dealings with young investors worried about high levels of margin trading.

Despite the overnight advance *on Wall Street and lower U.S.* interest rates, the market average dipped 6.29 to 7,516.2[illegible] on a volume of 320m shares.

Many Blue Chips fell initially on liquidation in Margin Trading, but later turned upward to close mixed.

Synthetic Fibres eased, led by Unitika which lost Y7 to 102 on rumours, denied later by company officials, that its financial position has become precarious in the midst of the present slump in the Textile Industry.

Canon shed another Y30 to 1,100 on reports of a sharp earnings decline.

Australia

Renewed overseas buying supported one of the best one-day gains in several weeks as attention focussed on selected Oil and Gold stocks.

The All Ordinaries Index finished the day nine points up at 592.1 for a rise of 17.3 on the week, reversing the general selling trend of the two preceding weeks.

Santos rose 32 cents to A$5.4[illegible] in line with a general advance in Oils which pushed the Oil and Gas Index 18.2 higher at 643.1.

Golds moved up, GMK by 2[illegible] cents to A$8.46, and Central Norseman 20 cents to A$8.50.

Banks posted small rises.

Closing prices for North America were not available for this edition.

NEW YORK

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

GERMANY

ITALY

NORWAY

SWEDEN

SWITZERLAND

AUSTRIA

BELGIUM/LUXEMBOURG

HONG KONG

SINGAPORE

SOUTH AFRICA

JAPAN

BRAZIL

Indices

NEW YORK —DOW JONES

STANDARD AND POORS

NY. S.E. ALL COMMON

MONTREAL

NEW YORK ACTIVE STOCKS

Swan Brewery questions Bond bid

By Our Sydney Correspondent

SWAN BREWERY has gone on the offensive in an attempt to ward off the A$121m (US$140m) bid for control of it by Mr Alan Bond, the Western Australian businessman and head of Bond Corporation, the diversified resources company.

Mr A. F. Blanckensee, Swan's chairman, has written to Mr Bond asking him to clarify events surrounding the bid and where the finance for it was coming from. The same questions were raised by the Australian Press yesterday.

His letter follows the disclosure in the notice of the annual meeting of Bond Corporation on October 30 that shareholders would be asked to approve loan funds totalling up to A$125m to fund Mr Bond's acquisition of Swan.

Early last month, when Mr Bond announced his "personal" takeover bid of A$2.50 a share for Swan, he had said that financing for the deal would be organised through Wardley Australia, the merchant bank.

Subsequently, after the Swan board indicated that it was uncertain about Mr Bond's bid, and appointed Martin Corporation to prepare an estimate of the worth of the company, Mr Bond announced to a securities industry meeting in Sydney that Bond Corporation had an option to buy Swan from him on completion of his bid.

After that disclosure, the announcement of the proposal that Mr Bond's bid should be financed by Bond Corporation came as another major shock.

Mr Bond aims to secure the 80 per cent or so of Swan not already owned by Bond Corporation which already has almost 20 per cent of the brewer. Mr Bond is also a director of Swan.

Major shareholder agrees to Rizzoli capital rise

BY RUPERT CORNWELL IN ROME

RIZZOLI, THE troubled Italian publishing group which controls Corriere Della Sera, one of the country's leading daily newspapers, yesterday announced that its long delayed plan to raise capital by L153bn ($36m) is at last going ahead.

According to Rizzoli, the increase to L178bn from the previous L25bn will be paid up in five monthly instalments, between September 1981 and January 1982.

The new funds will reduce the burden of debts which have threatened Rizzoli. By the end of 1980 Rizzoli debt stood at L247bn, or 41 per cent of turnover. High interest rates pushed the servicing cost to L59bn for last year.

The go-ahead for the capital increase follows agreement by the Board of La Centrale, the financial group which earlier this year acquired a 40 per cent shareholding in Rizzoli.

La Centrale is controlled by Sig Roberto Calvi's Banco Ambrosiano group, and its deal with Rizzoli raised a considerable storm in Italian financial circles.

However, uncertainties over the Rizzoli group, which is 50.2 per cent controlled by Sig Angelo Rizzoli, its president, and Sig Bruno Tassan Din, the managing director, remain little diminished.

The Corriere and other newspapers in the Rizzoli stable did not appear yesterday, as journalists and print workers staged a strike calling not only for the capital increase to be carried through, but protesting at political meddling in the group.

This refers specifically to the presence at the company's head of Sig Rizzoli and Sig Tassan Din, both alleged members of the officially disbanded P-2 Freemasons Lodge.

Sig Calvi is also associated with P-2 and is currently appealing against conviction on illegal currency export charges.

Rumours still abound that either La Centrale or Sig Rizzoli may subsequently sell at least part of their Rizzoli holdings to a third party. Sig Rino Formica, the Socialist Finance Minister, yesterday announced that his party was tabling a parliamentary question to the government on the Rizzoli affair.

Last summer the Treasury Minister authorised the Rizzoli capital increase, but only on condition that the shares held by La Centrale held no voting rights.

These rights have now been restored, but only on condition that the shares in practice are held by the Bank of Italy.

Sharp decline in Perstorp's earnings

By Westerly Christner in Stockholm

PERSTORP, the Swedish chemicals and plastics group, reports a SKr 26m drop in pre-tax earnings to SKr 83m ($15m) for fiscal 1980-81 which ended August 31.

Consolidated sales rose to SKr 1.7bn ($309m) from SKr 1.6bn. Estimated per-share profit fell to SKr 18 from SKr 24. The Board recommends a SKr 5 dividend against SKr 4.17, adjusted for the previous year's bonus issue.

The profit shortfall, anticipated in a forecast made earlier this year, was attributed mainly to a sharper than expected decline in demand for the group's building materials and consumer products.

Net financial charges rose by SKr 6m to SKr 39m. Group capital expenditures fell to SKr 109m, off SKr 20m.

Investments in Sweden were SKr 47m from SKr 90m. During the 12 months Perstorp acquired two U.S. companies, Artisan Dinnerware and Lexington United. The group also formed a 50-50 joint venture with Norsk Hydro, Hydro-Perstorp Laminater, concentrating on the output of building components.

Quebec to expropriate Asbestos Corporation

BY ROBERT GIBBENS IN MONTREAL

THE QUEBEC Government, despite a division within the Cabinet, plans to take over Asbestos Corporation, Canada's second largest asbestos fibre producer.

The Government will either reveal a price at which it proposes to buy the 54 per cent controlling interest held by General Dynamics of the US, or it could reveal plans to expropriate the Quebec assets of Asbestos. The courts have already ruled that it can do so.

The Government has been trying to take over Asbestos for five years. In 1977 it offered General Dynamics C$42 (US$35) per share equal to C$119m. General Dynamics refused, saying the shares were worth C$100 each. Lengthy litigation followed, during which the Government established its right to expropriate.

A month ago, the Government received a new consultants' evaluation of the company's assets. Meanwhile Mr Maurice Taschereau, president of Asbestos and a well-known figure in the mining industry, left to become administrator for Federal Government-owned lands. No successor has yet been appointed.

Nearly two years ago, the Government bought Bell Asbestos Ltd from Turner and Newall of Britain.

Strong turnover growth at FN

BY OUR FINANCIAL STAFF

FABRIQUE NATIONALE de Herstal the Belgian arms manufacturer, yesterday announced a sharp increase in sales so far this year and said that it hopes it will return to profits for 1981.

The company had losses of BFr 48m ($1.29m) last year. In March, it set a sales goal of a minimum of BFr 200bn compared to BFr 16.4bn in 1980.

In the first nine months of this year, it said, turnover rose 25 per cent from the corresponding 1980 period, largely from its motors division.

If activity remains strong for the last quarter, sales "could surpass objectives," it said and "a positive result at the end of the year could be hoped for."

NW Shelf hold up worries Woodside

By Our Sydney Correspondent

ONE OF the partners in Australia's A$8bn (U.S.$9.2bn) North West Shelf natural gas project, Woodside Petroleum, has expressed concern that firm contracts have not yet been signed to enable the second stage of the project to proceed.

This stage involves the proposed export of liquefied natural gas to Japanese buyers and without firms contracts funds cannot be raised for further development.

In its quarterly report, Woodside says that work on the first stage of the project—the supply of gas to the domestic market—is making good progress with contracts and purchase orders worth A$650m let to date. But it adds: "A decision on the second stage of the project, the production and export of LNG, has not yet been taken."

In June this year, Broken Hill Proprietary, Shell, BP and Chevron (the other partners in the project), reached an agreement on a memorandum of intent to supply LNG to eight power and gas utilities for delivery in 1986.

CSR, Mitsui start coal study

By Our Sydney Correspondent

CSR, the Australian sugar and energy concern, and Mitsui of Japan, have taken the first step in their solvent refined coal (SRC) project in Victoria by appointing consultants and starting on a joint evaluation study. But the partners said yesterday that if a commitment was made to a full-scale operation production would not start until 1988 to 1990.

They expect to complete the first stage, involving data collection and conceptual matters on a plant with a capacity to treat 6,000 tonnes of dry coal per day by next March. The study will cover the Latrobe valley as a whole, because the partners cannot select a specific coal field on which to base the project until the Victorian Brown Coal Council completes its current strategy study on the use of brown coal in the state.

Two DM foreign bonds launched

BY ALAN FRIEDMAN

TWO D-MARK foreign bond issues totalling DM 300m were launched in Frankfurt yesterday as part of the new two-week calendar set by the West German Capital Markets Sub-committee.

The European Investment Bank is raising DM 200m with a 10-year bond carrying a 10½ per cent coupon priced at par. This is the lowest D-mark foreign bond coupon for several weeks and is possible because of the sharp improvement of the D-mark sector this week.

Lead manager is Deutsche Bank and the bonds are callable in the seventh year at 101½ and thereafter at a rate decreasing by ½ per cent each year.

A DM 100m 10-year bond was launched yesterday for the Swedish Export Credit Corporation through the Westdeutsche Landesbank. The issue carries a 10½ per cent coupon and the bonds are callable in 1988 at 101½ and thereafter at a rate decreasing by ½ per cent per year.

The rest of the heavy two-week D-mark calendar includes an expected DM 150m issue for the Oesterreichische Kontrollbank on October 13 through Dresdner Bank, a DM 100m issue for the Kingdom of Denmark on October 15 through West LB and an unnamed industrial borrower with a DM 100m to DM 150m issue through Deutsche Bank on October 19.

The D-mark sector registered a strong improvement yesterday with bond prices up around ½ point.

In the Eurodollar bond sector the market appeared to be digesting this week's flood of new issues.

A $40m floating rate offer for Nordic International Finance BV, the subsidiary of Nordic Bank, is being launched through Credit Suisse First Boston. The 10-year issue will carry a 5¼ per cent minimum coupon and interest at a spread of ¼ per cent over the mean of London's six-month interbank rate.

The Eurodollar bond market rose sharply yesterday with some recent isues up nearly two points. But the average rise was between ¼ and ¾ of a point.

In the Swiss franc sector, which is encouraged by fairly stable inflation figures and a strong currency movement against the U.S. dollar, foreign bond prices rose ½ to ¾ point yesterday.

A SwFr 100m 10-year issue for the Japan Development Bank is being launched by Credit Suisse. The issues carries a 7¼ per cent coupon and is priced at 100.25 to yield 7.72 per cent.

Japanese plan increase in foreign commercial lending

BY RICHARD C. HANSON IN TOKYO

JAPANESE international commercial lending will rise in the half-year that began this month under new "guidelines" accepted by the Ministry of Finance.

The volume of yen syndicated loans will rise to about Y350bn ($1.5bn) from Y250bn in the April-September half. Foreign currency lending should increase to about $8bn from $6bn.

Public borrowing on the yen-denominated Samurai bond market (yen issues for foreign borrowers), will increase by about Y50bn from the previous six months to Y350bn. Next year private bond issues may also increase, from the current one per month (Y10bn) pace.

The new framework reflects the Government's generally positive view on increasing capital exports from Japan. Certain limits on such outflows, however, have been retained.

The Ministry will continue its "guidance" of refusing bank loans to sovereign states. Yen loans are limited to *international financial institutions*, resources development, trade financing and certain other categories.

Allowing individual countries to seek yen loans would create too much demand, in the view of the authorities. National borrowers will still have to jockey for positions in the limited Samurai bond market to borrow yen.

The ministry wants to hold foreign currency loans, to what it calculates as a 13 per cent share of the world market.

Dassault gives State minority holding

By Terry Dodsworth in Paris

M MARCEL Dassault, the 89-year-old head of the Dassault-Breguet aerospace group, has made a gift of 26 per cent of the shares in his company to the state. This gesture, sealed at a special ceremony at the Prime Minister's residence in Paris, virtually ensures a majority public sector stake in the group because of the state's existing 20 per cent holding.

The Government's intention is to buy up a further 5 per cent shareholding in the market to take its stake to 51 per cent. This will complete the nationalisation of the company, which is promised in its election platform, while leaving 49 per cent of the shares in the hands of the Dassault family's private company.

While both sides in the transaction have been extremely discreet, it has been suggested that the state has accepted the gift formula in return for tax concessions. But M Dassault insisted yesterday that he had made an entirely free gift of his shares to the state. He is to remain a technical adviser to the company, while his close associate M Benno-Claude Vallieres, 71, is to stay on as chairman.

Plans are also now well advanced for the state take-over of Matra the second of the large independent aerospace and arms group involved in the Government's nationalisation plans. Matra is closely linked with Dassault, since its missiles equip most Dassault aircraft.

Under the project now being studied, the state will take 25 per cent of Matra by means of an agreed bid. It will then increase its stake to 51 per cent through a rights issue to which it will be the sole subscriber.

As part of the deal, Matra's interest in Hachette, the publishing company, will be sold off, mainly because the Government does not want to be seen to be so closely involved in the communications sector.

COMMODITIES/REVIEW OF THE WEEK

Tin price breaks through 'ceiling'

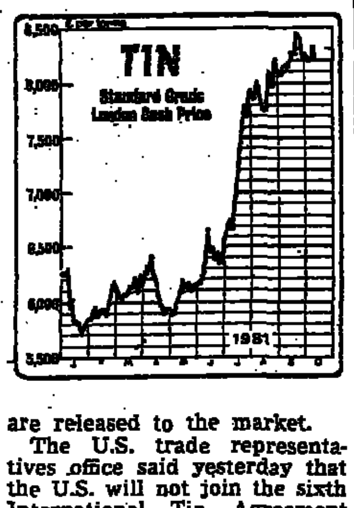
BY OUR COMMODITIES STAFF

TIN PRICES this week broke through the International Tin Agreement "ceiling" level. The Straits tin price on Thursday night rose to 35.52 ringitts a kilo—5 ringitts above the Agreement "ceiling" level where the buffer stock must sell all its existing holdings.

Immediate reaction on the London market yesterday was for the cash tin price to come down by £107.5 to £8,207.5 a tonne as a result of selling believed to be on behalf of the buffer stock. However, the three months quotation was unchanged at £8,357.5 in the face of continued buying interest from the influential dealers, who also helped push the Penang price above the "ceiling."

The market is nervously awaiting the meeting of the International Tin Council next week in Kuala Lumpur, where producing countries are expected to press for a 10 per cent rise in the International Tin Agreement "floor" and "ceiling" prices.

If a rise is approved this could well signal the end of the supply squeeze on the market which has pushed prices to record levels. Many of the purchases bought some three months ago fall due for delivery soon and the Tin Council's decision may well prove crucial in whether stocks are released to the market.



The U.S. trade representatives office said yesterday that the U.S. will not join the sixth International Tin Agreement but would continue to play an "active and constructive" role in the fifth pact.

Copper prices were slightly easier this week, but this mainly reflected the stronger tone in sterling. Sentiment was encouraged by U.S. producers raising their domestic prices from 81 to 83 cents a lb and hopes that the further American interest rates cut would pave the way for an improvement in demand.

Aluminium futures were also depressed by sterling and news of further production cutbacks because of poor demand. However, lead and zinc staged strong recoveries from the heavy losses suffered previously. Zinc was bolstered by the fact that leading Canadian producers confirmed their cut in their U.S. selling prices to 3 cents, instead of the 4.25 cents reduction announced by U.S. zinc producers. This lessened the threat to the European producer price of $1,000 a tonne.

Disappointment at the failure of support buying by the International Cocoa Organisation's buffer stock to date led to a sharp decline in cocoa prices this week. In spite of rallying by £33 a tonne yesterday the March futures position ended the week £108.50 down at £1,204 a tonne.

By Wednesday the buffer stock, which began buying at the beginning of last week, had acquired 61,325 tonnes of cocoa, using up more than half of the $320m fund carried over from the last agreement. But the initial impact on prices had already been lost and values had begun to decline. With no further purchases having been made the buffer stock is thought to have withdrawn from the market pending a rethink of its buying policy.

The existing system of setting the buying price in advance and announcing the level of purchases daily, which was insisted on by consumer members of the pact, is regarded as highly detrimental to the effectiveness of the support buying. The ICCO is understood to be considering adopting a less open buying policy.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1981 High	1981 Low
METALS					
Aluminium	£810/815	—	£810/815	£810/815	£780/70
Free Markets c.i.f.	$1155/1185	+30	$1670/700	$1598/1630	$1115/145
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MARKET REPORTS

BASE METALS

BASE-METAL PRICES closed well below the day's highs on the London Metal Exchange. Copper rose to £943 in early trading, reflecting lower American interest rates and firm precious metals prices. However, lack of follow through coupled with stop-loss selling on Comex prompted a close of £936.5. Lead was finally £410.5, after £415. Zinc closed at £500.5, after £504, Aluminium at £640.5 and Nickel at £2,815. Tin was finally £8,355, after £8,410 although cash metal fell sharply as the Penang price moved into the Buffer Stock Manager's "must sell" range.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	911.5-2	+6.5	900.5-1.5	—1
3 mths	942.5-3	+4.5	953-.4	—1.75
Settlem't	912	+6.5	—	......
Cathodes				
Cash	906-5-7.5	+6.5	896-8	—2
3 months	937-.5	+4	927-8	—3.5
Settlem't	907.5	+6.5	—	......
S. Prod	—		*78.5	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £911.5, three months £937.5, 38, 38.5, 39, 40, 41, 40.5, 41, 42, 43, 43.5, 43. Cathodes, cash £907, three months £937. Kerb: Wirebars, three months £942.5, 43, 42. Afternoon: Wirebars, three months £941, 40, 39, 38.5, 38, 38.5, 33, 34, 33.5, 33. Cathodes, three months £927. Kerb: Wirebars, three months £935, 34, 34.5, 35, 34, 33.5, 34, 34.5, 35, 36, 36.5, 37, 37.5, 37, 36, 37. Turnover 17,075 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8260-56	+50	8210-1	—104
3 months	8390-5	—50	8355-60	......
Settlem't	8265	+25	—	......
Standard				
Cash	8260-5	+30	8205-10	—107
3 months	8390-5	+30	8355-60	......
Settlem't	8265	+25	—	......
Straits E.	$35.52	+0.07		......
New York	—	......		

Tin—Morning: Standard, cash £8,270, 60, 65, three months £8,360, 8,400, 10, 8,390, 80, 85, 90. Kerb: Standard, three months £8,380, 75, 70. Afternoon: Standard, cash £8,210, 8,200, three months £8,370, 60, 55, 50, 40, 50, 55. High Grade, cash £8,211. Turnover 1,805 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	409.5-10	+9.25	405-6	+5.75
3 months	415-.6	+8	413.5-3	+6.62
Settlem't	410	+9	—	......
U.S. Spot	—	......	*38.44	......

Lead—Morning: Cash £409, 09.5, three months £414, 14.5, 15, 16, 15.5. Kerb: Three months £414, 15, 15.5. Afternoon: Three months £414, 13, 12.5. Kerb: Three months £412, 11. Turnover 14,150 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	496.5-7.5	+9.25	488.5-9.5	+9.5
3 months	500.5-1	+8.5	501.5-2	+9
ment	497.5	+8.5	—	......
Primw'ts	—	—	*45.5-50	......

Zinc—Morning: Three months £497, 98, 99, 500, 499, 98.5, 98, 99, 500, 01. Kerb: Three months £500.5, 01. Afternoon: Three months £500, 2, 4, 3.5, 4, 2, 1, 1.5, 1, 2. Kerb: Three months £502, 1, 1.5, 1, 500, 500.5. Turnover 14,875 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	613.5-4	—.5	613-5	+1.5
3 months	640.5-1	—1.5	641-.5	+.75

Aluminium—Morning: Cash £613.5, three months £641, 40.5, 40, 41, 40.5, 40, 41, 40.5, 41. Kerb: Three months £641 Afternoon Three months £642, 41.5, 41. Kerb: Three months £541, 41.5, 41. Turnover 8,825 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2705-15	—37.5	2700-10	—25
3 months	2805-10	—40	2800-10	—25

SILVER

COCOA

COFFEE

POTATOES

GAS OIL FUTURES

Prices strengthened to reflect the physical market and chartist activity and traded near the highs for most of the day reports Premier Man.

GRAINS

RUBBER

SUGAR

AMERICAN MARKETS

NEW YORK, October 9

PRECIOUS METALS traded nominally higher ahead of a long weekend and on further indications of lower interest rates. After early profit-taking copper traded about unchanged on technical buying. Cocoa rebounded on indications that more funds would be allocated to purchases of buffer stocks.

INDICES

FINANCIAL TIMES

DOW JONES

MOODY'S

REUTERS

SOYABEAN MEAL

Stock Exchange dealings

The list below, restricted mainly to equities and convertible stocks, has been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. It shows prices at which business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange's Talisman checking system.

The prices are not in order of execution, but in ascending order which denotes the day's highest and lowest dealing price.

For those shares in which no business was recorded in Thursday's Official List, the latest recorded business done during the previous four business days is given with relevant dates appended. The number of bargains done on Thursday in each section is shown against the respective sub-headings. Unless otherwise indicated the shares are 25p fully-paid.

‡ Bargains at special prices. Δ Bargains done with a non-member or executed in overseas markets. ⊕ Bargains done previous day. $A—$Australian; $B—$Bahamian; $C—$Canadian; $HK—$Hong Kong; $J—$Jamaican; $Ma—$Malayan; $Me—$Mexican; $NZ—$New Zealand; $S—$Singapore; $US—$United States; $WI—$West Indian.

BANKS, DISCOUNT (464)

BREWERIES (302)

Whitbread Invst. 169 4
Wolverhampton Dudley Brews. 220 1
Young's Co's Brew. A (50p) 220

COMMERCIAL (6,656)

A—B

AAA Industries 34 (7/10)
A.G.H. 163 2
AB Electronic 105 7 8
AE PLC 20 1 2

Baldwin (H. J.) (10p) 16 (5/10)
Bambers Stores (10p) 59 60 1
Banks (Sidney C.) 126 8
Barlow Cons. Inds. (20p) 63½ (7/10)
Bardsey (10p) 17 8 9. 7pcPf. (£1) 60½
Bargst 144 6 50
Barker Dobson (1p) 7½ ¼ 8 ¼
Barlow Rand (R0.10) 410 3 25
Barr (A. G.) 215
Barr Wallace 65 A 58
Barratt Devels. (10p) 219 20 1 2 3½ 4½
Barrow Hepburn 32
Barton 23 5 6

Brown Jackson (20p) 27½ 8 31
Brown Boveri Kent (Hldgs.) 17½
Brown Bros. Corp. (10p) 27½
Brown (John) 69 70 1 ½ 2½ 2 3 4½
Brown (N.) Investments (20p) 71 3
Brownlee PLC 58 9 (7/10)
Brunning Group 62 (6/10)
Bruntons (Musselburgh) 105 10 3 8 9 20
Bryant Hldgs PLC 64
Bulgin (A.F.) (5p) 26 (7/10). A Non-V (5p) 23 ½ 4½
Bullough (20p) 132⊕
Bulmer and Lumb (Hldgs) (20p) 40 (6/10)
Bunzl Pulp and Paper 123 5
Burco Dean 23 (7/10)
Burgess Products (Hldgs) 38 (5/10). A Non-V 25 (5/10)
Burnett Hallamshire Hldgs. £9.4 ½ 6
Burns-Anderson (10p) 22½ 4
Burton Group (50p) 118 9
Butterfield-Harvey 21 ½ 2 ½

C—D

C.H. Industries (10p) 24½ (7/10)
Cadbury Schweppes 81½ 2 ½ 3 ½ 4½ 4 ½½
Caffyns (50p) 124 6
Caird (Dundee) 15 (6/10)
Cakebread, Robey PLC (10p) 96 (5/10). A (10p) 32½
Caledonian Associated Cinemas 775 90 (5/10)
Callender (George M.) (10p) 50
Cambridge Electronic Industries PLC 84 5
Camford Engineering 16
Campari Intnl. (20p) 40 2½
Camrex (Hldgs) (20p) 40
Canadian Overs Pack Industr 155⊕
Canning (W.) 46 (6/10)
Cantors (20p) 40. A Non-V (20p) 30
Caparo Industries 25 6
Capper-Neill (10p) 55 6 ½ 7
Capseals (5p) 34½ (6/10)
Caravans Intnl. (20p) 20 2
Carless Capel Leonard (10p) 124½ 4 5 6 7 ½½ 8
Carpets Intnl. (50p) 24½ 5
Carr (J.) (Doncaster) 50
Carrington Viyella 11½ 2 ½ 3
Carron (Hldgs.) 25 (5/10)
Carr's Milling Industs 62½ (6/10)
Caterpillar Tractor NPV $52 (5/10)
Cattle's (Hldgs.) (10p) 19 ¼ 20 ¼½
Causton (Sir Joseph) 26
Cawdaw Indust. Hldgs. 14
Cawoods Hldgs. 200 2
Celestion Industs. (20p) 19
Celtic Haven (5p) 9½
Cement Roadstone Hldgs. (Ir£0.25) 78 ¼
Central Sherwood (5p) 15½ ½ 6 ½
Centreway (50p) 72½ (6/10)
Centreway Tst. (50p) 80 5 (5/10)
Chamberlain Phipps (10p) 39½
Chamberlain Hill 38 (7/10)
Chambers Fargus (5p) 26
Change Wares (20p) 28 30
Channel Tunnel Invest. (5p) 200 3 5
Chapman (Balham) (50p) 153 (5/10)
Chemring (5p) 185 (7/10)
Chloride Gp. 19 20 1½ 1 ½½
Christie-Tyler (10p) 47 (6/10)
Christies Intnl. (10p) 164 70
Christy Bros. 33
Chubb (20p) 87 89 90 1 2
Church 157
Clarke (T.) (10p) 21½ (7/10)
Clark (T.) (10p) 18½ (7/10)
Clay (R.) 42
Clayton Son (Hldgs.) (50p) 55
Clifford (C.) Inds. (£1) 39 (6/10). 12pc Pf. (£1) 80 (6/10)
Clifford's Dairies 200. A N.V. 118 20 1½ 2
Clondalkin Grp. (Ir£0.25) 66⊕ 7⊕ 8⊕
Coalite Grp. 102 3 4
Coates Bros. 57 (6/10). A N.V. 47 (7/10)
Coats Patons 63 4 ½ 5
Cocksedge (Hldgs.) 27 (5/10)
Cohen (A.) (20p) 315 (7/10)
Cole (R. H.) 42
Collins (W.) (Hldgs.) 200⊕. A N.V. 139
Comben Grp. 36½ 7 8 9
Combined English Stores (12½p) 37½ 40 ½ 2
Combined Technologies PLC (10p) 12 ½ 3 ½ 4
Comet Radiovision (5p) 104 3½ 9½

E—F

Electronic Rentals Grp. 88 90
Ellenroad Mill 13 (6/10)
Elliott (L.) 132 3 4 5½
Elliott Grp. of Peterborough (10p) 28
Ellis Everard Ord. 16
Ellis Goldstein (Hldgs.) (5p) 21½ 2½
Elson Robbins PLC 15
Elswick-Hopper (5p) 10
Elys (Wimbledon) 255 (5/10)
Emms Lighting 122 3 (5/10)
Empire Stores (Bradford) 77 8 80
Emray (5p) 8½ 9½ 9

G—H

Hampson Inds (5p) 9 ½
Hanger Investa (10p) 26½
Hanson Trust 270 1 2½ 2 3 4½ 4 5 6 7. 6½pcLn 138 40 (6/10). 9½pcLn 107½ 8 ½
Hargreaves Gp. (20p) 35⊕
Harris (Philip) (Hldgs) (20p) 96
Harris Queensway Group (20p) 108 10
Harrison (T. C.) 74 (5/10)
Harrisons Crosfield (£1) 710 40 10 71½ ½ 8
Hartley Industrial Trust (20p) 25

HAT Group (10p) 64½ 5 ½ 6½
HTV Group 99
Habit Precision Engineering (5p) 6½ (7/10)
Habitat Group (10p) 130 2 3. New (10p) 130 1 2 3 4
Haden 205 6 7 8 10
Hall Engineering (Hldgs) (50p) 155. 7½pc Ln 110 (5/10)
Hall (Matthew) 178 80 1½
Hallam Sleigh Cheston 7
Halliburton ($2.50) 39
Hallite Hldgs (50p) 207 8
Halma (10p) 83 6
Halstead (James) (Hldgs) (10p) 47½

I—J—K

L—M

L C P Hldgs. 55
LPC International (10p) 40 ½ 1
LWT (Hldgs) 98 9 (5/10)
Ladbroke Group (10p) 133p ½ 4 5 6 7 3½ 8 40. New Ord (10p) 131 2 3 4 (7/10). Wts to subscribe for Ord. 92p 3
Ladies Pride Outerwear (20p) 47 (6/10)
Laing (John) 46 7. Ord A 44p 5 6
Laird Group 112p 3 5½. Ord Shs 111 3
Lake & Elliot 29p 32

Lambert Howarth Group (20p) 47
Lamont Hldgs (10p) 16½p 2
Lancaster (D.M.) (5p) 19
Lane (Percy) Group (10p) 48p ½ ½ 9. New Ord (10p) 47½
Laporte Industries (Hldgs) (50p) 106p ½ 7 8 9
Latham (James) (£1) 110 4 (6/10)
Lawrence (Walter) PLC 115 (5/10)
Lawtex 36
Lead Industries Group (50p) 152
Leadenhall Sterling 63 5 (6/10)
Leaderflush (Hldgs) (10p) 28⊕
Lec Refrigeration 175 (7/10)
Lee (Arthur) Sons (12½p) 12 (6/10)
Lee Cooper Group PLC 127 8 31 2
Leech (William) (20p) 64 5 (7/10)
Leigh Interests (5p) 133 6. 10pcLn. 1984-85 95 (6/10)
Lennons Group (10p) 50 2
Lep Group (10p) 292½ (7/10)
Lesney Products (5p) 16 7
Letraset (10p) 136 7 8 44
Lex Service Group 94 5 6. 2nd Ser Wts to Sub 28⊕
Leyland Paint Wallpaper 29 30½
Ley's Foundries Engineering 22
Lilleshall (The) (10p) 36 (5/10)
Lilley (F. J. C.) 127¼ 32 3 6
Lincroft Kilgour Group (10p) 30
Linfood Hldgs 147 8 9 50 1½ ½ 12pc Ln 1988-90 102
Link House Publications LPC (20p) 209
Linread 210
Lister 34½ 5 (7/10)
Liverpool Daily Post Echo (The) (50p) 122 (6/10)
Lloyd (F. H.) Hldgs 36½ ½ 7½
Locker (Thomas) (Hldgs) (5p) 12. A N-Vtg (5p) 11 ½ 2
London Liverpool Trust (10p) 34 5
London Midland Industrials 99 100 3 (7/10)
London Northern Group 34½ 5½ 6
London Brick 55 ½ 6 ½ 14pcLn 1984 1130 114
Longton Industrial Hldgs 50 (7/10)
Lonrho 73½ 5 6 7 8 9½ 9 81

N—O—P

Olympia (Redacre) (20p) 20
Owen Owen 187 8 9 92½
Ozalid Gp. Hldgs 9pcLn. 65

PMA Hldgs. 18 (7/10)
Paradise (B.) (10p) 33 (6/10)
Parker-Knoll 123 (6/10). A Non-vtg. 114 (6/10)
Parkland Textile (Hldgs.) 38 (6/10)
Parrish (J. T.) 180 (7/10)
Paterson (R.) 71½ 3. New 71½. 11.5pc Pf (£1) 255
Paterson Zochonis (10p) 125 8. A Non-vtg. (10p) 118 (7/10)
Pauls Wimles 153
Pawson (W. L.) (5p) 12 ½ 3½
Pearce (C. H.) 767½
Pearson Longman 153 4 6 7 8
Pearson (S.) 192 3 4 5. 10½pcLn. 79 (5/10)
Peerless 89⊕
Pegler-Hattersley 150 2 4
Pennine Coml. Hldgs. (10p) 5 49-64ths 6¼ ¼ ½ 7 ¼
Pentland Industs. (10p) 53½
Pentos (10p) 14 5 6. Dfd. (20p) 19 (7/10)
Perry (H.) Motors 73 (7/10)
Petbow Hldgs (10p) 58⊕
Peters Stores PLC (10p) 70½ (7/10)
Petrocon Gp. (12½p) 49½ 9
Phicom (10p) 22 ½ 3 4 5. 8pcPf (£1) 77
Phillips Finance 5¼pcLn. 43½ (7/10)
Phillips Lamps Hldgs. NV (Nfl 10) 418 20 1
Phillips Patents (Hldgs.) 22 (6/10)
Phoenix Timber 90 4
Photax (London) 56 (6/10)
Photo-Me Intnl (50p) 342
Pickles (William) (10p) 7½ (2/10). A Non-vtg (10p) 3¼
Pifco Hldgs (20p) 200 (6/10). A (20p) 197 (7/10)
Pilkington Bros PLC (£1) 8273 5 6 7 8 (7/10)
Pitney-Bowes 5¼pcUnsecLn 55 (6/10)
Pittard Grp 48 (7/10)
Plastic Constructions (10p) 26
Platignum (5p) 7½
Plaxton's (GB) 110 2
Pleasurama (5p) 245 9
Plessey (50p) 312p 3 4½ 4 5½ 5 6 7 8 3 ½ 20½ 20 1½ 1
Plysu (10p) 91
Polly Peck (Hldgs) (5p) 285 8 90 3 302½
Polymark Intnl (10p) 77 (6/10)
Portals Hldgs 440 9½pcUnsecLn 117 9
Porter Chadburn (20p) 38 (6/10)
Portland Hldgs 15 6 (7/10)
Portsmouth Sunderland Newspapers 94
Porvair 4 (8/10)
Powell Duffryn PLC (50p) 231 4 7½ 7 8 9 40
Pratt (F.) Eng. PLC 68 (6/10)
Preedy (Alfred) Sons 58 (6/10)
Press (William) Grp PLC (10p) 69 70½ 70 1½ ¼
Pressac Hldgs PLC (10p) 26
Priest (Benjamin) Sons (Hldgs) 28
Prince Wales Hotels 56
Pritchard Services Grp PLC (5p) p150 ¾ 1 3 5
Pullman (R. and J.) (5p) 47

Q—R—S

Queens Moat Houses (5p) 32½ 3. 10½pc Unsecln 125 (7/10)
Quick (H. and J.) Grp (10p) p47

RCF Hldgs 23½ 4
RFD Grp PLC (10p) 43½ 4 5
Racal Electronics p410½ 10 2 3 4½ 5½ 5 7½ 7 8 20½ 20 2 7½ 7
Radiant Metal Finishing 12½p 60 (6/10)
Radley Fashion Grp. 19 21
Raine Eng. Inds. (10p) 9½
Rank Org. 136 7 8 9 40 1
Ramar Textiles (5p) 6½ (7/10)
Ranks Hovis McDougall 48 ½ 50 ½ 1
Ransome Hoffmann Pollard 52 ½ 3. 8pc
Ransomes Sims Jefferies (£1) 138 (6/10) Ln. 75 (7/10)
Ratcliffe (F. S.) Inds. 35
Ratcliffe (Great Bridge) 67 9 (7/10)
Ratners (Jewellers) (10p) 46
Raybeck (10p) 41
Readicut Intnl. (5p) 15 ½
Ready Mixed Concrete 181 2 3 4 5
Reckitt Colman 256 7 ¼½ ½ 8½ 8 60
Redfearn Natl. Glass 130 2 3 (6/10)
Rediffusion 155 7 9 60 2 3
Redland 158¼ 61 2 3 4 5
Redman Heenan Intnl. (10p) 43 4
Reed (Austin) Grp. 55 (6/10). A 51 4½ 5 7 8½
Reed Executive (10p) 33 (7/10)
Reed Intnl (£1) 239 40 2 3 4 5 6
Reliance Knitwear Group (20p) 19
Relyon 104 (6/10)
Renold (£1) 38 9 40 1
Rentokil Group (10p) 130
Renwick 82 (5/10). 4.9pcPf (£1) 100 (2/10)
Restmor Group 87
Rex Trueform Clothing A (R0.50) 200 (7/10)
Ricardo 415
Richards (10p) 16 8 (7/10)
Richardsons Westgarth (50p) 23
Riley (E. J.) (10p) 80 1 3
Roberts Adlard 86 9 90 2 (7/10)
Robinson (Thomas) 55 6 (7/10)
Rock Darham (10p) 9 10 (7/10)
Rockware Group 53½ 4
Rooner Hldgs 173. A 165 6 70
Rotaprint (20p) 12 (2/10)
Rothmans Intnl B (12½p) 63½ 4 ½ ½ ½ 5½ 5 6½ 6
Rotork (10p) 48 (6/10)
Rowan Boden 25
Rowlinson Cons. (10p) 42 (5/10)
Rowntree Mackintosh (50p) 150 2 31
Rowton Hotels 133 (2/10)
Royal Worcester 190 200
Ruberoid 80 1 2 3 4 5 6 8 9
Rugby Portland Cement 74 ¼½ ½ ¼½ ¾ 5 ¾ ½ 6 ½

T—U—V

Valor 49 51
Vantona Grp. PLC (20p) 109
Vibroplant 145 (7/10)
Vickers (£1) 147 8 9 50 2
Victor Prods. (Wallsend) PLC 117
Viners (10p) 70. Rts. (Nil pd.) 10 5 6 7 8 20
Vinten Grp. (20p) 156 8 9 60 2. New (f.p.) (20p) 158 7 8
Vitatron N.V. (DFl0.25) 45 ¼ (6/10)
Vosper 120 2½ 2

W—Y—Z

W Ribbons Hldgs. (10p) 16
WGI 18 (6/10)

FINANCIAL TRUSTS

INSURANCE (446)

INVESTMENT TRUSTS

Bremar Tst. 50 9
British American Gen. Tst. 44 ½0
British Assets Tst. 95 ½ 6½
British Empire Sec. Gen. Tst. (5p) (7/10)
British Indust. Gen. Invest. Tst. Dfd.
British Invest. Tst. 174
Broadstone Invest. Tst. (20p) 192 6 (6)
Brunner Invest. Tst. 73½ (6/10)
CLRP Wrrts. 35½ (5/10)
Canadian Foreign Invest. Tst. 168 (2)
Capital National Tst. 151 9 145 (5/10)
Capital Gearing Tst. 41 (2/10)
Cardinal Invest. Tst. Dfd. 126
Cedar Invest. Tst. 82 (6/10). 9pcLn. (6/10)

CONTRACTS

BROWN BROTHERS AND COMPANY, Edinburgh, a Vickers company, has been awarded a contract by Conoco (UK) to design and supply components for the world's first tension leg oil platform. Brown Brothers is to supply the 16 load block assemblies to support the tension legs and transmit the anchoring forces, which can reach 3,100 tonnes, to the structure of the platform. The forces are continuously monitored by load cells and electronic equipment.

★

INTERNATIONAL COMPUTERS has gained an order from Compower, wholly owned subsidiary of the National Coal Board, for two 2955 computer systems valued at £750,000.

★

A glazing contract worth more than £500,000 has been awarded to **JAMES CLARK AND EATON**. The order, placed by Elemeta Windows, is for the supply and installation of double-glazed Pilkington Suncooled units for a new office complex at Goodmans Yard, in East London.

★

SPORTS AND LEISURE FOODS, Macclesfield, has been awarded a £100,000 contract to provide catering services for the Cwmbran sports stadium in the South Wales Borough of Torfaen; for 12 months, and to operate two other leisure facilities for the council—the Blaenavon recreation centre and the Pontypool sports stadium—while the council makes arrangements to handle these operations itself.

★

The British Airports Authority has awarded **COATES BROTHERS (INDUSTRIAL FINISHES)**, Witney, an £80,000 contract for the supply of Marathon chlorinated rubber-based airfield marking paint, to be used principally at Heathrow, Gatwick and Stansted Airports.

★

GKN CHEP has secured a "call-off" contract with the Post Office procurement executive for the possible use of its pallet cages in Telecom's warehouses to cover short-term peak storage demands.

★

The contract for a viewdata facility for the Department of Industry to evaluate the technology and encourage its adoption in government departments and elsewhere has been won by **GEC VIEWDATA SYSTEMS**. Appointed for a one-year study period, the company's London bureau will provide the Department with up to 10,000 frames of data. Initially limited to selected government department offices the information will be accessed from up to 50 viewdata television terminals, of which about 20 will be editing terminals.

★

RISTS, Newcastle under Lyme, has a £2m order to fit the wiring systems of the Delorean sports car, being built in Northern Ireland.

★

Northern Dairies is investing over £500,000 in a **SYSTIME** computer network to link its dairy depots spread from Middlesbrough to Folkestone and across the country from Hull to Hereford. Depot information for 1,500 rounds will go on-line and transactions for both the retail daily delivery and the wholesale delivery of milk in large quantities will be handled.

★

GRANDMET SCOTTISH SITE SERVICES, in a joint venture with R. M. Spencer Engineering Services, has been awarded the contract for supervision of common user services at the Esso Chemical Fife ethylene project, Mossmorran and Braefoot Bay, by the Lummus Company. The new venture, Grandmet RM Spencer Project Services, will be responsible for supervision of the construction site services for the labour force, which is expected to reach a peak of over 2,500 men.

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$435	24	42	—	—	—	—	$455
GOLD C	$450	10	25	—	—	—	—	"
GOLD C	$475	—	—	30	30	45	50	"
GOLD C	$500	35	7	25	17.50	—	—	"
GOLD C	$525	9	3	—	—	—	—	"
GOLD C	$550	1000	2	—	—	—	—	"
GOLD P	$425	10	6	10	11	—	—	"
GOLD P	$450	1	13 B	3	20	—	—	"
GOLD P	$475	2	30	—	—	—	—	"
GOLD P	$500	—	—	5	48	—	—	"
		Oct.		Jan.		April		
ABN C	F.280	5	9 B	—	—	—	—	F.288.50
ABN C	F.300	52	0.50	6	6	—	—	"
AKZO C	F.20	35	2.50	—	—	—	—	F.22.20
AKZO C	F.22.50	40	0.60	10	2.20	—	—	"
AKZO C	F.25	—	—	10	1.30	—	—	"
AKZO C	F.27.50	—	—	10	0.70	10	1.10	"
AKZO P	F.22.50	—	—	8	1.40	—	—	"
HEIN C	F.50	21	0.50	—	—	—	—	F.48.20
HEIN P	F.45	—	—	—	—	5	1.80	"
HOOG C	F.15	—	—	—	—	5	2.80	F.15.70
HOOG C	F17.50	—	—	—	—	10	1.50	"
HOOG P	F.15	—	—	15	1	—	—	"
IBM C	$60	—	—	—	—	10	2⅛	$55⅞
KLM C	F.90	192	3	44	11	5	14	F.90.70
KLM C	F.100	97	0.50 B	31	6.90	11	10.50	"
KLM C	F.110	—	—	67	4.80	—	—	"
KLM C	F.120	—	—	20	2.80	—	—	"
KLM P	F.80	61	0.30	23	3.80	—	—	"
KLM P	F.90	77	2	22	6.50	24	8.50	"
KLM P	F.100	5	9.50	26	12 B	—	—	"
NEDL C	F.140	15	4 A	7	12.50	—	—	F.141.50
NEDL C	F.150	15	0.30	10	8.50	—	—	"
NEDL C	F.160	—	—	54	5 A	—	—	"
NEDL P	F.140	—	—	20	5.50 B	—	—	"
NEDL P	F.150	13	9.50 B	14	11.50 B	—	—	"
NATN C	F.115	—	—	19	4	—	—	F.114.50
NATN C	F.120	—	—	7	1.90	—	—	"
NATN P	F.110	—	—	17	2.30 A	—	—	"
PHIL C	F17.50	47	2.50	—	—	—	—	F.19.80
PHIL C	F.20	493	0.50	156	3	—	—	"
PHIL C	F.22.50	16	0.10	201	0.90	55	1.60	"
PHIL C	F.25	—	—	—	—	38	1	"
PHIL P	F.20	—	—	53	1.20	—	—	"
PHIL P	F.22.50	10	3	—	—	—	—	"
RD C	F.70	—	—	37	11.50	—	—	F.76.80
RD C	F.80	107	0.30 A	—	—	81	7.50	"
RD C	F.90	—	—	117	2	67	4	"
RD C	F.100	—	—	149	0.90	41	2.20	"
RD P	F.70	—	—	88	1.80	41	2.80	"
RD P	F.80	26	3.80	18	5.50	11	7 B	"
UNIL C	F.135	22	5.70	—	—	—	—	F.140.60
UNIL C	F.140	—	—	10	8 B	—	—	"
UNIL C	F.150	—	—	36	4.80 A	—	—	"
UNIL P	F.130	—	—	71	3.50	25	4	"
UNIL P	F.140	—	—	6	8	—	—	"

TOTAL VOLUME IN CONTRACTS 4422

A=Asked B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+ or —	Div. p. or amount	Times covered	Gross yield	P.E. ratio
110	F.P.	—	135	120	Habitat	133	...	u3.6	1.4	3.9	24.9
25	F.P.	16/9	28	24	Japan Assets Trust 10p	25	...				
62	F.P.	2/10	56½	43	Jeavons Eng.	43	...	b3.75	1.7	12.5	5.6
28	F.P.	30/10	30	24	✤Lon. Private Health	29	...	—	—	—	—
—	F.P.	—	£10¼	£10¼	Lowe's Co's US $0.50	£10¼	...	Q72c	—	4.0	—
100	F.P.	30/10	103	97	Marine Adv. Sail Tst. £1	97		—	—	—	—
—	F.P.	—	180	148	Nippon Electric	155	+2	Q32%	2.9	1.0	34.2
100	F.P.	26/10	105	94	Precious Metals Tst.	105	+1	—	—	—	—
—	F.P.	18/9	14	10	Stewart Ent. Warrs	11	...	—	—	—	—
52	F.P.	28/8	120	98	St'ckhold'rs F.E. Inv. 5p	98	...	—	—	—	—
66	F.P.	16/10	92	75	✤Thorpac	88	...	b1.82	3.7	3.0	11.6
—	F.P.	16/10	165	155	✤Utd Fred'lyins. S.R.V.	158	...	h6.25	—	5.7	—
15	F.P.	25/9	17½	7	✤Willaire Systems 10p	10	...	—	—	—	—
¶	F.P.	11/9	15	6	Do. Rest. Div. 10p	6	...	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price £	+ or —
¶¶	F.P.	—	127	110	Amal Dist. Products 10 Cv. Ln. '97	115	...
‖	Nil	—	½pm	¼pm	Austin (F.) Leyton 11% Ptly Cnv. Red 1994	¼pm	...
100	£40	20/10	38⅞	37½	Birmingham Drop-Lock '86/93	38¾	+¼
100‖	F.P.	28/8	113	96	Hanson Trust 9½% Cv. Uns. Ln. 2000-6	109	+2
**	F.P.	—	99½	93	Hawley Leisure 12¼% Cum. Pref.	93	—1
‡100	F.P.	—	100⅛	98	Nat'wide Bdg Society 14¼% Bds 25/8/82	98½	+¼
‡100	F.P.	—	99½	98¾	Do. 15⅝% Bds (28/9/82)	99¼	
100	£10	—	101	100¼	Portsmouth 10% Prf. 1986	100¼	...
¶¶	F.P.	21/9	93p	63p	Sterling Credit 5.5% Cnv. Red. Pref.	76p	+11
—	—	—	3p	½p	Do. Warrants	3p	+¾
97.53	£30	—	29½	27	Utd. Mexican States 16¼% Ln. 2008	29¾	+1½
‡100	F.P.	24/9	101½	100½	York Waterworks 10% Red. Pref. '85	100½	...

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date ⊕	Latest Renunc. date □	1981 High	1981 Low	Stock	Closing price p	+ or —
60	F.P.	24/9	15/10	84	62	Amal. Dist. Products	76	+2
10	F.P.	9/10	11/11	16½	10½	Astra Ind.	11	...
225	F.P.	2/10	6/11	269	223	BICC	239	+1
275	125p	13/7	2/12	182	104	BP	154	+4
76	Nil	13/10	12/11	2½pm	¼pm	Brown (J.)	¼pm	—¼
182	Nil	—	—	9pm	½pm	Fosseco Minsep	9pm	+2
90	Nil	21/10	26/11	9pm	½pm	Heclamat	9pm	...
12½	F.P.	9/10	18/9	30½	20	Jantar	20	...
110	F.P.	7/9	19/10	135½	106	Laird Grp.	115	—2
35	F.P.	21/8	2/10	60	39	Lane (Percy)	48	...
107	F.P.	30/9	6/11	121	98	Morgan Crucible	104	...
A$1	P.P.	—	—	196	104	Pancontinental	112	...
112	F.P.	25/9	6/11	125	102	Trusthouse Forte	118	+2
360p	F.P.	9/9	9/10	550	359	Utd. Scientific	483	+26
250	Nil	22/10	19/11	32pm	12pm	Viner's Units	20pm	—6

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ⊕ Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✤ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Comprising 50 Ord of 1p and £1 of 10pc Ln 1988.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct 5	Oct 16	Jan 7	Jan 18
Oct 19	Oct 30	Jan 21	Feb 1
Nov 2	Nov 13	Feb 11	Feb 22

For rate indications see end of Share Information Service.

Stocks favoured for the call included Premier Oil, Woodside, Hawley Leisure, BP, P & O Deferred, Guinness Peat, Black & Edington, KCA, Britoil, Marinex, Montague L. Meyer, FNFC, John Brown, Swire Pacific A, Smith St. Aubyn, Charterhall, Minster Assets, Bula, ICL, Town and City Properties and RHM. Puts were arranged in Marks and Spencer, ICI and Racal, while doubles were completed in FNFC, Charterhall, Woodside and British Land.

ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Caffyns	138	+10	Horizon Travel	228	+1[illegible]
Charter Consolidated	244	+12	KCA Int.	142	+1[illegible]
FNFC	31	+3	Lasmo	520	+1[illegible]
Glaxo	396	+14	Racal Electronic	425	+1[illegible]
GKN	163	+11	RTZ	515	+28
Hill Samuel	144	+8	Ultramar	475	+22

THURSDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	No. of price changes	Thursday's closing price pence	Day's change	Stock	No. of price changes	Thursday's closing price pence	Day's change
Hambro Life	22	338	—3	Ultramar	15	453	—7
GEC	18	688	—2	Beecham	14	192	—
ICI	18	260	—2	BP	14	284	—6
KCA Int.	17	126	+8	Burmah Oil	14	110	—3
RTZ	17	490	+15	Glaxo	14	382	—8
Plessey	15	311	+1	ICL	14	40	+1
Racal Elect.	15	412	—3	Shell Transport	13	346	—4

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of price changes	Thursday's closing price pence	Change on week	Stock	No. of price changes	Thursday's closing price pence	Change on week
GEC	133	688	+38	RTZ	99	490	+25
BP	118	284	+24	Ultramar	95	453	+45
ICI	109	260	+4	Tricentrol	92	244	+32
Plessey	107	311	+11	Euro Ferries	86	74	+6
Racal Elect.	95	412	+32	Hambro Life	80	338	+20
Shell Transport	92	346	+22	Unilever	80	578	+40
Lasmo	90	505	+67	Glaxo	79	382	+16

هكذا من الأهل

MINES—Miscellaneous (222)

South African (87)

OIL (818)

PLANTATIONS (114)

RAILWAYS (7)

SHIPPING (86)

UTILITIES (27)

UNLISTED SECURITIES MARKET (157)

PROPERTY (367)

Haslemere Estates (10p) 390
House Property of London (50p) 149 (2/10)
Imry Property Hldgs 215ø. New 225
Laganvale Estate (10p) 21 2
Laing Properties PLC 190 (7/10). 8¼pcLn 99 (6/10)
Land Investors 48 9 (6/10)
Land Securities Investment Trust (£1) 285 6 7 8 9 90 ¼ 1 2 3 4 5 8. 5¾pc Ln 267 (6/10). 6¾pcLn 219 (2/10). 10pcLn 198
Law Land (20p) 106½ (6/10). 6pcLn 195 (7/10)
Levex (5p) 16¼
London and Prov Shop Centres (Hldgs) (10p) 385ø
London Shop Pty. Tst. 108 10. 6½pc Cnv.Uns.Ln. 115 (5/10). 9pcCnv.Uns.Ln. 88
MEPC 206 7 8 9 10 1 2 3 5 6 7 8. 5½pcCnv.Uns.Ln 71½ (2/10)
McKay Secs (20p) 105 (2/10). Cap. (20p) 105 (6/10)
Marlborough Pty. Hldgs. (5p) 40
Marler Ests. 53
Mountleigh Grp. 78
Mountview Ests. (5p) 150
Mucklow (A. J.) Grp. 84½ 6

RULE 163 (1) (e)

Bargains marked in securities which are quoted or listed on an Overseas Stock Exchange.

Reef Oil 98ø (5/10)
Rembrandt Group 440
Renison 290 300 (2/10)
Remies Cons. 183 (6/10)
Resource Service 210 (6/10)
Rowan 912½
Royex Sturgex Mining 385ø 900 50 85 95 410 (7.10)
S and K Pet. 125¼ 33 5
SASOL 157 8 9 60 7
Samantha Expl. 30 (7/10)
Santos 313ø 14ø 150 15 20 5
Sceptre Res. 470 5
Seagull Pipeline 700 (5/10)
Selangor Coconuts 53 4½ (7/10)
Seltrust A 58 60 4
Shackleton Pet. 28 30½
Sharp Corp. 175 6 (5/10)
Shell Oil £21½ (6/10)
Singapore Land 236ø (6/10)
Southern Pacific Pets. 21¼ 3 4 5 7
Spargo 22½ ¾ 5
Standard Oil of California £21¾ (6/10)
Standard Oil of Indiana £29¼
Standard Oil of Ohio £23¼ø 4¼ø 3½ ¼
Sterling Pets 7¼ (5/10)
Straits Trading 173ø (6/10)
Strata Oil 62 4 6½
Strata Oil Optibas 46
Sun Hung Kai Props. 88 90½ 1
Sunmask Pets. 144 51¼ 2½ C$3½
Swan Resources 50ø (7/10)
Swire Pacific A 112ø 13ø 10¼ 12½ 14½ 15 ½ 16 ½ 17 17½
Swire Props. 71ø 70 ½ 1 ½ ½ 2
Tai Cheung Props. 37
Tara Exp. 560 (2/10)
Target Pet. 35 (6/10)
Target Pets. (A$0.15 pd.) 20
Teck Cpn. B 570 85
Timor Oil 5½
Tooth Co. 143 (7/10)
Trafalgar Housing 32 3 (2/10)
Tri-Continental 912½ (6/10)
Unilever NV (Fl 20) £30.25 30.70
Union Pacific Corp. £24¼ (2/10)
Utd. Overseas Land 72 (7/10)
Utd. Plants Berhad 114 (7/10)
Valiant Consd. 19 (7/10)
Vam 12 (2/10)
Victor 712½ 18 (2/10)
Vultan Mins. 50 (7/10)
Warrior Res. 95 105 10 (7/10)
West Coast Trans. 495 (5/10)
Western Resources 25¼ (6/10)
Westfield Mins 70 1
Wheelock Marden A 48¼ 9 50 ½ 1 2 2½
Wheelock Marden B 3¾
Whim Creek Cons. 50
Woodside Pets. 51 6
Woolworths Holdings 367½
Woolworths Hldgs. A 355ø 7½
Woolworth (F. W.) America £9¾ (7/10)
World Int. 22ø 3ø 20½ 2 (7.10)
York Resources 24¼
Zone Petroleum 192½ 7½

RULE 163 (2) (a)

Applications granted for specific bargains in securities not listed on any Stock Exchange.

* Irish currency

All England Lawn Tenis Gnd. £50Dbs. 1981-85 £6 675 800 (7/10)
Alliance Build. Soc 15¾pcBds. £99.537pc 542pc 596pc 601pc (2/10)
Ann Street Brewery 300 (2/10)
Asprey £40 1¼ 2 3 4 5
Baker Electronics 20
Buenos Ayres Lacroze Trams £4pc
Cambridge Petroleum Royalties 270 5
Cedar Hldgs. 10.25pcDb. Stk. 1991-96 £63pc
Celtic Basin Oil Expl. 125
Channel Hotels and Props. 12 3 (7/10)
CIC Inv. ¼ ⅜ ½
CIC Inv. (10p) ¼ ½
Clairmace 12 (7/10)
Comcl. Bank of Wales 73
Computer and Systems Eng. 250
Comp. and Systems Eng. 9.1pcCum.Red. Cnv.Pf. £12¼ ½
Deltenne 9
Delright Inds. 23
Dickwells 5 (6/10)
Dimbula Valley (Ceylon) Tea 290 (6/10)
Dollar Land 28 (7/10)
Gale (G.) 591
Gale (G.) A (£1) 190½
Gibbs (M.) 213 5
GRA Prop. Tst. 14 ¼ ¾ 5
Guernsey Gas Light 380 (7/10)
Guernsey Press 400 (7/10)
Heavitree Brewery 640
Hemerdon Mng. and Smelting 50 1 2 5
Home Brewery 523½ 5
Intervision Video (Hldgs.) Pfd. 24 ⅛ 5 ⅛ 6 ½
Irish Press 120* (2.10)
Jayplant 5 (7/10)
Jennings Bros. 145 (7/10)
Jennings Bros. 6½pcCum.Pf. (£1) 48 54 (7/10)
Jersey Canning 4pcCum.Pf. (£1) 23 (5/10)
Jessel Tst. 10 ½ 1 2
Key City Props. 50 (6/10)
LPA Rem-Elec. 78 80
Le Riches Stores 218
Lifeguard Ass. 270 (7/10)
Londonderry Gaslight 45
Mainline Elect. 2½ (7/10)
Mans Petroleum 25 (2/10)
Nationwide Leisure 9½ 10½
NMW Computers 140 5
North Sea Assets 123 6
Norton Villiers Triumph 2
ORE 190 3
Oldham Brewery 77¼ 8
Oldham Ests. 145
Ouval Highfields 27 (6/10)
Plantation and Gen. Invs. 66 7 8
Rangers FC £17
Roche Plant 24 (6/10)
Sampang (Java) New (2½p) 7 (5/10)
Savoy Hydro £15 (6/10)
Savoy Hydro 7pcRed.Cum.Pf. (£1) 100 (6/10)
Shannon Meat 175* (5/10)
Sheraton Sec Intnl. 11 ½ 2
Southern Newspapers 150 2 (6/10)
SPO Minerals 26
Stead and Simpson 4½pcPerp.Mtg.Db. 1889 £31pc (5/10)
Swan Hunter ½ (2/10)
Wadworth 10pcCum.Pf. 88
Weetabix A (Non-Vtg.) 85 (5/10)
Welsh Inds. Inv. Tst Pfd. 145 (7/10)
Winchmore PLC 35 6 (6/10)
Yelverton Inv. 25

RULE 163 (3)

Dealings for approved companies engaged solely in mineral exploration.

* Irish currency.

American Oil Field Systems 99 102
Aran Energy (Ir£0.20) 27 8 30 1 2 3 5*
Atlantic Resources (Ir£0.25) 190 5 200
Berkeley Exploration and Production 280 4 7 8 90 2 3
Candecca Resources 151 2 ¾ 3 4 5 6
Caledonian Offshore 85
Enliston Oil and Gas (Ir£0.20) 90 5
Marinex Petroleum 109 10
Steaua Romana (British) 50 3 4 7½ 8
Sun Oil Company (UK) 170

(By permission of the Stock Exchange Council)

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual Interest gross interest	pay-able	Minimum sum	Life of bond
	%		£	Year
Knowsley (051-548 6555)	14½	½-year	1,000	1-3
Wyre Forest DC (0562-3914)	14½	½-year	5,000	6-10

BUILDING SOCIETY RATES

	Deposit rate %	Share accounts %	Sub'pn shares %	*Term shares %	
Abbey National	8.25	8.50	9.75	10.50	5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Aid to Thrift	9.20	9.45	—	—	
Alliance	8.35	8.50	9.75	10.50	5 yrs., 10.00 4 yrs., 9.50 3 yrs., 9.00 2 yrs., 9.50 3 months' notice
Anglia	8.25	8.50	9.75	10.75	6 yrs., 9.50 1 mth. notice int. loss
Bradford and Bingley	8.25	8.50	9.75	9.50	1 month's notice deposit
Bridgwater	8.25	8.50	10.00	10.50	5 yrs., 9.60 2½ yrs.
Bristol Economic	8.25	8.50	9.75	9.25	3 mths.' not. & 9.50 on balances of £10,000 and over. Escalator shares 9.00-10.50 (1-5 yrs.)
Britannia	8.25	8.50	9.75	10.00	5 yrs., 9.50 3 months' notice
Burnley	8.25	8.50	9.75	10.50	5 yrs., 9.50 3 months' notice
Cardiff	8.25	9.50	10.50	—	
Catholic	8.25	8.75	9.75	—	8.95 over £5,000
Chelsea	8.25	8.50	9.75	10.50	5 yrs., 9.90 1 yr., 9.50 3 months
Cheltenham and Gloucester	8.25	8.50	9.75	—	
Citizens Regency	—	8.75	10.00	10.75	5 yrs., 9.75 3 yrs., 9.25 1 yr.
City of London (The)	8.50	8.75	9.60	10.00	Capital City shs.—4 mths. notice
Coventry Economic	8.25	8.50	9.75	10.00	4 yrs., 9.75 3 yrs., 9.50 3 months
Coventry Provident	8.25	8.50	9.75	9.50	E.I. a/c £500 min., 9.75 £5,000+
Derbyshire	8.25	8.50	9.75	9.00	to 9.50 3 months
Ealing and Acton	8.25	9.00	—	9.65	2 years, £2,000 minimum
Gateway	8.25	8.50	9.75	10.50	5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Gateway	—	9.50	—	—	Plus a/c £500 min. Int. ½-yearly
Greenwich	—	8.75	10.00	10.75	5 yrs., 10.00 3 months' notice
Guardian	8.25	8.75	—	10.00	3 mth., 10.50 6 mth., min. £1,000
Halifax	8.25	8.50	9.75	10.50	5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Heart of England	8.25	8.50	9.75	—	3 mths.' notice 9.50, 5 yrs. 10.50
Hearts of Oak and Enfield	8.25	8.75	10.25	10.00	4 yrs., 9.75 3 yrs., 9.50 2 yrs.
Hendon	8.75	9.25	—	10.25	6 months, 10.00 3 months
Huddersfield and Bradford	8.25	8.50	9.25	10.00	5 yrs., 10.00 4 yrs., 9.50 3 yrs., 9.00 2 yrs.
Lambeth	8.25	8.75	10.50	10.75	5 yrs., 10.50 6 mths.
Leamington Spa	8.35	8.60	11.50	10.10	(1 year)
Leeds Permanent	8.25	8.50	9.75	9.25	E.I. a/c £500 min., 9.50 £5,000+
Leicester	8.25	8.50	9.75	10.50	5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Liverpool	8.25	8.50	9.80	10.50	5 yrs., 9.55 1 month int. penalty
London Grosvenor	8.25	9.00	11.00	9.50	6 months' notice
Mornington	9.10	9.60	—	—	
National Counties	8.50	8.50	9.80	9.50	35 days' notice, min. dep. £500, 6 mth. 9.90, 11.00 at 9 mths. not.
Nationwide	8.25	8.50	9.75	10.50	5 yrs., £500 min. 90 days' not. bonus a/c 9.25 £2,500 min., 9.50 £10,000 + 28 days' not.
Newcastle	8.25	8.50	9.75	10.50	4 yrs., 9.50 2 mths. not. or on demand 1 mth. interest penalty
New Cross	9.00	9.25	—	9.25	10.00 on share accs., depending on min. balance over 6 mths.
Northern Rock	8.25	8.50	9.75	10.50	5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Norwich	8.25	8.50	10.00	9.50	3 yrs., 9.25 2 yrs., min. £500
Paddington	8.00	9.00	10.50	10.00	Loss 1 month int. on sums wdn.
Peckham Mutual	8.50	9.50	—	10.00	2 y. 10.50 3 y. 11.00 4 y. 9.75 Bns.
Portman	8.25	8.50	9.75	10.50	5 yrs., 9.55 6 months' notice
Portsmouth	8.60	8.80	10.30	10.85	(5 yrs.), 10.25 (6 months)
Property Owners	8.50	9.00	10.50	10.50	5 yrs., 10.50 6 mths., 9.80 3 mths.
Provincial	8.25	8.50	9.75	10.00	3 yrs., 9.50 2 months
Skipton	8.25	8.50	9.75	10.50	5 yr., 9.6-9.75 28 dys. int. or wdl.
Sussex County	8.50	8.75	10.55		11.00-9.50 (6-2 yrs.), 9.25 2 mths. not.
Sussex Mutual	8.50	9.10	10.50		9.25-10.50 all with special options
Town and Country	8.25	8.50	9.75	10.50	5 yrs., 10.00 4 yrs., 9.50 3 yrs.
Walthamstow	8.25	8.75	9.75	9.75	6 months' notice, min. £1,000
Wessex	8.50	9.60	—	—	
Woolwich	8.25	8.50	9.75	10.50	3 months' notice account 9.50

*Rates normally variable in line with changes in ordinary share rates.
All these rates are after basic-rate tax liability has been settled on behalf of the investor.

MONEY MARKETS

London clearing banks base lending rates 16 per cent (since October 1)

Keen interest in this week's Treasury bill tender produced bids of £508.96m for only £100m of bills and the average rate of discount fell sharply to 14.8056 per cent from 15.9795 per cent. The minimum accepted bid rose to £96.305 from £96.015 and bids at that level were met as to about 27 per cent and above in full. The £100m on offer were all allotted. Next week a further £100m will be on offer, replacing maturities of £200m.

In the money market day-to-day credit was in very short supply. The Bank of England gave an early forecast of a £400m shortage which was amended at noon to a shortage of £450m. Before the Bank gave assistance the forecast was further amended to a shortage of £500m.

Factors working against the market included commercial bills maturing in official hands and a take up of Treasury bills —£50m: Exchequer transactions —£150m and a rise in the note circulation —£120m. Funds were also drained by recent sales of Government stock. Assistance in the morning comprised: in band 1 (up to 14 days), £104m Treasury bills at 15-15⅛ per cent, £9m local authority bills at 15-15⅛ per cent, £75m eligible bank bills at 15-15⅛ per cent and in band 2 (15-33 days), £75m Treasury bills at 15⅛-15⅛ per cent, £9m local authority bills at 15⅛ per cent and £126m eligible bank bills at 15⅛-15⅛ per cent totalling £398m.

Additional help in the afternoon comprised £8m Treasury bills in band 2 at 15⅛ per cent and £35m eligible bank bills at 15⅛ per cent. Total assistance for the day was £441m.

EXCHANGES AND BULLION

Trading was quite busy in currency markets yesterday morning but faded in the afternoon ahead of the long weekend in the U.S. Sterling started the day on a firm note but tended to lose ground overall as UK interest rates showed a weaker tendency. Against the dollar it opened at $1.9100 and rose initially on good commercial demand to touch a best level of $1.9200. However, it slipped during the afternoon to a low of $1.8930 before recovering at the close to $1.9000-1.9020, a rise of just 10 points from Thursday's close in London. Against the Deutsche Mark it fell to DM 4.1650 from DM 4.1900 and SwFr 3.4950 from SwFr 3.5450. Against the French franc it finished at FFr 10.4450 against FFr 10.50. On Bank of England figures, sterling's trade-weighted index closed at 89.4 compared with 89.8, having stood at 89.6 at noon and 90.0 in the morning.

The dollar finished around the middle of the day's range but was still well down from Thursday's closing levels. There was little momentum in the market ahead of the long weekend and Euro-dollar rates showed small losses where changed. Against the D-mark the dollar fell to DM 2.1890, its lowest level since late April and well down from Thursday's close of DM 2.2045. Against the Swiss franc it fell to SwFr 1.8375 from SwFr 1.8650 and Y226.50 from Y228.25. It was also lower against the French franc at FFr 5.4975 from FFr 5.5275. On Bank of England figures, the dollar's index fell to 106.4 from 107.2.

THE POUND SPOT AND FORWARD

Oct 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8930-1.9200	1.9000-1.9020	0.07c pm-0.03 dis	0.13	0.17-0.27dis	−0.46
Canada	2.2725-2.2950	2.2745-2.2765	0.60-0.70c dis	−3.43	1.70-1.90dis	−3.16
Nethlnd	4.58-4.65	4.60-4.61	1¼-¾c pm	2.60	4-3 pm	3.04
Belgium	69.60-70.70	69.95-70.05	48-63c dis	−9.51	92-112 dis	−5.83
Denmark	13.36-13.50	13.41½-13.43½	½-2⅞ore dis	−1.45	3⅞-5⅞ dis	−1.41
Ireland	1.1730-1.1900	1.1870-1.1890	0.42-0.53p dis	−4.80	1.05-1.19dis	−3.77
W. Ger.	4.15-4.20	4.16-4.17	1⅞-1⅞pf pm	4.68	4¾-4¼ pm	4.32
Portugal	119.00-121.75	119.25-119.75	75-515c dis	−29.62	160-800dis	−16.07
Spain	177.00-180.60	177.00-177.30	10-35c dis	−1.52	70-100 dis	−1.92
Italy	2,206-2,238	2,210½-2,212½	9-11lire dis	−5.43	40-44 dis	−7.60
Norway	10.95-11.05	10.96-10.98	1½-½ore pm	1.09	5-3½ pm	1.59
France	10.40-10.54	10.44-10.45	1¼-2¼c dis	−2.01	6¾-8¾ dis	−2.87
Sweden	10.26-10.40	10.27-10.29	2¾-1¼ore pm	2.41	8-7 pm	2.92
Japan	427-437	430-431	3.35-3.05y pm	8.92	9.00-8.70 pm	8.22
Austria	29.00-29.45	29.05-29.10	10¾-7¾gro pm	3.71	25½-18 pm	2.85
Switz.	3.48-3.55	3.49-3.50	1⅞-⅞c pm	3.86	4¾-4¼ pm	5.15

Belgian rate is for convertible francs. Financial franc 76.90-77.00.
Six-month forward dollar 0.58-0.66c dis. 12-month 1.00-1.25c dis.

GOLD

	Oct. 9		Oct. 8	
Gold Bullion (fine ounce)				
Close	$452-454	(£238-239)	$445-447	(£234¼-235¼)
Opening	$450½-451½	(£235¾-236¼)	$442-443	(£235-236½)
Morning fixing	$452.25	(£236.100)	$441.75	(£235.474)
Afternoon fixing	$453.50	(£238.120)	$443.25	(£233.967)
Gold Coins				
Krugerrand	$466½-467½	(£246-246½)	$455½-457½	(£239¾-240¾)
1/2 Krugerrand	$240½-241½	(£126¾-127½)	$235-239	(£123¾-125¾)
1/4 Krugerrand	$122½-123½	(£64½-65)	$119-123	(£62½-64¾)
1/10 Krugerrand	$50-51	(£26½-27)	$48-51	(£25¼-26¾)
Mapleleaf	$466¼-469½	(£246-247¾)	$455½-457½	(£239¾-240¾)
New Sovereigns	$110-111	(£58-58½)	$106½-108½	(£56-57)
King Sovereigns	$124-126	(£65¼-66¼)	$122-124	(£64¼-65¼)
Victoria Sovs.	$124-126	(£65¼-66¼)	$122-124	(£64¼-65¼)
French 20s	$137-141	(£72¼-74¼)	$135-139	(£71-73)
50 pesos Mexico	$563-566	(£297-298¾)	$554-557	(£291½-293)
100 Cor. Austria	$440-443	(£232-233¾)	$433-436	(£227¾-229½)
$20 Eagles	$595-600	(£314-316½)	$587-592	(£309-311½)

EXCHANGE CROSS RATES

Oct. 9	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.901	4.165	430.5	10.445	3.495	4.605	2212.	2.276	70.00
U.S. Dollar	0.526	1.	2.191	226.5	5.494	1.839	2.422	1163.	1.197	36.82
Deutschemark	0.240	0.456	1.	103.4	2.508	0.839	1.106	531.0	0.546	16.81
Japanese Yen 1,000	2.323	4.416	9.675	1000.	24.26	8.118	10.70	5137.	5.286	162.6
French Franc 10	0.957	1.820	3.988	412.2	10.	3.346	4.409	2117.	2.179	67.02
Swiss Franc	0.286	0.544	1.192	123.2	2.989	1.	1.318	632.8	0.651	20.03
Dutch Guilder	0.217	0.413	0.904	93.49	2.268	0.759	1.	480.2	0.494	15.20
Italian Lira 1,000	0.452	0.860	1.883	194.7	4.723	1.580	2.082	1000.	1.029	31.65
Canadian Dollar	0.439	0.835	1.830	189.2	4.590	1.536	2.024	971.9	1.	30.76
Belgian Franc 100	1.429	2.716	5.950	615.0	14.92	5.993	6.579	3159.	3.251	100

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Oct. 9	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	15¾-16	14¼-14½	18-19	12⅜-12¾	8-8¼	11-11⅛	17½-18½	18-21	15-40	6⅛-6⅜
7 days' notice	15¾-16	14½-14¾	18-19	12½-12¾	8-8¼	11-11⅛	18-19	19-22	20-35	6⅜-6⅝
Month	15¼-15½	15¼-15½	18⅝-19	12⅜-12⅝	10⅜-10⅝	11⅜-11⅝	17½-18½	20½-23½	21½-26	6⅝-6⅞
Three months	15⅝-15¾	15[illegible]-16[illegible]	18⅞-19½	12[illegible]-12[illegible]	10[illegible]-10[illegible]	11[illegible]-11[illegible]	18¼-19¼	23-24½	20½-23	7⅜-7⅝
Six months	15⅝-15⅞	16¼-16½	18⅝-19	12[illegible]-12[illegible]	10[illegible]-10[illegible]	11[illegible]-11[illegible]	18¼-19¼	24-25½	19-21	7[illegible]-7[illegible]
One Year	15¾-16	16⅛-16⅜	18⅝-18¾	12[illegible]-12[illegible]	9⅜-9⅝	11-11⅛	18½-19½	23½-25	17½-19	8⅛-8⅜

SDR linked deposits: one-month 13⅞-14⅛ per cent; three-months 14⅜-14⅝ per cent; six-months 14⅞-14¹³⁄₁₆ per cent; one-year 14⅝-14¹¹⁄₁₆ per cent.
ECU linked deposits: one-month 14⅞-15⅛ per cent; three-months 14¹⁵⁄₁₆-15⅜ per cent; six-months 15⅜-15⅞ per cent; one-year 14¹¹⁄₁₆-15⅜ per cent.
Asian $ (closing rates in Singapore): one-month 15⅛-15⅜ per cent; three-months 16⅛-16⅜ per cent; six-months 16⅜-16½ per cent, one-year 16¼-16⅜ per cent.
Long-term Eurodollar two years 16⅜-16⅝ per cent; three years 16⅜-16⅞ per cent; four years 16½-17 per cent; five years 16½-17 per cent nominal closing rates.
The following nominal rates were quoted for London dollar certificates of deposit: one-month 14.95-15.05 per cent; three-months 15.80-15.90 per cent; six-months 15.90-16.00 per cent; one year 15.90-16.00 per cent.

FT LONDON INTERBANK FIXING (11.00 a.m. OCTOBER 9)

3 months U.S. dollars		6 months U.S. dollars	
bid 16 3/16	offer 16 5/16	bid 16 5/16	offer 16 7/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

Oct. 9 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	5-20	15½-15¾	—	—	15¼-16	14¾-16	—	—	—
2 days notice	—	—	15⅝-15⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	15½-15	15⅞-16⅛	—	16	15¾-16¼	15¼-15⅝	—	—	—
One month	15⅞-15¾	15[illegible]-15[illegible]	16⅛	16¼-16	15[illegible]	16¼	15¼-15½	15[illegible]-15½	15[illegible]-15⅝	16⅛
Two months	15[illegible]-15⅝	15[illegible]-15[illegible]	—	16¼-16	15[illegible]	15¾-16¼	15-15⅝	15¼-15[illegible]	15¼-15[illegible]	16
Three months	15[illegible]-15[illegible]	15[illegible]-15⅞	16¼	16¼-16	15⅞	15⅞-16⅛	15¼	14[illegible]-14⅞	14[illegible]-15	15¾
Six months	15⅝-15[illegible]	15[illegible]-15¾	16¼	15⅝-15⅛	15¾	—	—	—	14⅝-14[illegible]	15⅝
Nine months	15[illegible]-15[illegible]	15⅞-15[illegible]	—	15¾-15½	15⅝	—	—	—	—	—
One year	15[illegible]-15[illegible]	15½-15⅝	15⅝	15⅝-15⅛	15⅝	—	—	—	—	—
Two years	—	—	15⅞	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 15¾ per cent; four years 15¾ per cent; five years 15¾ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14¹¹⁄₁₆-14⅞ per cent; four-month trade bills 15⅜ per cent.

Approximate selling rate for one-month Treasury bills 15⅜-15⅛ per cent; two-months 15⅛-15⅛ per cent; three-months 14¹⁵⁄₁₆-14⅞ per cent. Approximate selling rate for one-month bank bills 15⅞-15½ per cent; two-months 15⅛-15⅛ per cent; and three-months 14¹⁵⁄₁₆-14⅞ per cent; one-month trade bills 15⅞ per cent, two-months 15¾ per cent; three-months 15⅛ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14½ per cent from October 1 1981. **Clearing Bank Deposit Rates** for sums at seven days' notice 14½ per cent. **Clearing Bank Rates** for lending 16 per cent. **Treasury Bills:** Average tender rates of discount 14.8056 per cent.

CURRENCY MOVEMENTS

Oct. 9	Bank of England Index	Morgan Guaranty Changes§
Sterling	89.4	−34.5
U.S. dollar	106.4	−0.8
Canadian dollar	87.2	−17.2
Austrian schilling	119.8	+26.1
Belgian franc	107.5	−10.0
Danish kroner	90.1	−7.9
Deutsche mark	124.3	+44.5
Swiss franc	148.8	+97.1
Guilder	114.9	+19.2
French franc	82.9	−12.6
Lira	56.8	−57.2
Yen	138.8	+33.8

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

OTHER CURRENCIES

Oct. 9	£	$		£ Note Rates
Argentina Peso	11,266-11,286†	5917-5937†	Austria	29.05-29.35
Australia Dollar	1.6435-1.6455	0.8650-0.8665	Belgium	76-77
Brazil Cruzeiro	209.47-210.47	110.12-110.67	Denmark	13.34-13.49
Finland Markka	8.203-8.221	4.3200-4.3250	France	10.40-10.60
Greek Drachma	103.399-106.584	55.10-55.30	Germany	4.15-4.20
Hong Kong Dollar	11.33½-11.35½	5.96-5.98	Italy	2200-2275
Iran Rial	147.50*	79.00*	Japan	433-438
Kuwait Dinar (KD)	0.532-0.538	0.2805-0.2808	Netherlands	4.58½-4.63½
Luxembourg Fr	69.95-70.05	36.84-36.86	Norway	10.95-11.07
Malaysia Dollar	4.3675-4.3775	2.2975-2.3025	Portugal	119-135
New Zealand Dlr.	2.2720-2.2740	1.1950-1.1960	Spain	175-187¼
Saudi Arab. Riyal	6.46-6.52	3.3875-3.3975	Sweden	10.25-10.35
Singapore Dollar	3.9725-3.9825	2.0900-2.0950	Switzerland	3.49½-3.53½
Sth. African Rand	1.7810-1.7820	0.9370-0.9375	United States	1.89½-1.91½
U.A.E. Dirham	6.98-7.04	3.6700-3.6750	Yugoslavia	78-84

† Rate given for Argentina is the commercial rate. The financial rate for sterling 14,591-14,611 and for the dollar 7,650-7,700. *Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU October 9	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7572	40.9745	+0.53	+0.28	±1.5368
Danish Krone	7.91117	7.85564	−0.70	−0.95	±1.6412
German D-Mark	2.40989	2.43913	+1.21	+0.96	±1.1077
French Franc	6.17443	6.11572	−0.95	−1.20	±1.3733
Dutch Guilder	2.66382	2.69568	+1.20	+0.95	±1.5063
Irish Punt	0.684452	0.689176	+0.69	+0.44	±1.6688
Italian Lira	1300.67	1300.61	—	—	±4.1229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for October 9 .... 0.585258

U.K. CONVERTIBLE STOCKS 10/10/81

Statistics provided by dataSTREAM International

Name and description	Size (£m)	Current price	Terms*	Con-version dates♣	Flat yield	Red. yield	Premium† Current	Premium† Range‡	Income Equ.§	Income Conv.¶	Income Div.♡	Cheap(+) Dear(−)◊ Current
British Land 12pc Cv. 2002	9.60	259.50	333.3	80-97	4.7	2.5	−2.7	−5 to 11	16.4	90.6	27.8	+30.5
Hanson Trust 6½pc Cv. 88-93	3.02	140.00	57.1	76-82	4.7	0.7	−10.3	−11 to 4	4.2	0.0	−2.7	+7.5
Slough Estates 10pc Cv. 87-90	5.31	212.50	137.5	78-84	4.7		−5.6	−8 to 5	18.8	17.0	−0.8	+4.7
Slough Estates 8pc Cv. 91-94	24.88	106.00	78.0	80-91	7.7	7.4	13.2	6 to 27	27.5	46.7	20.5	+7.2

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ♡ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◊ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness, − is an indication of relative dearness. ♣ Second date is assumed date of conversion. This is not necessarily the last date of conversion.

LONDON STOCK EXCHANGE

Lower interest rates dominate and Gilt-edged continue higher with equities following—New £1bn tap stock issue

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Sept 28	Oct 8	Oct 9	Oct 19
Oct 12	Oct 22	Oct 23	Nov 2
Oct 26	Nov 5	Nov 6	Nov 16

* "New-time" dealings may take place from 9.30 am two business days earlier.

Lower international interest rates dominated London stock markets yesterday and in stark contrast with the previous fortnightly Account, leading equities closed the current Account on an extremely firm note. Further abating pressures on U.S. and domestic short-term rates led to optimism that clearing bank base lending rates might be reduced from the 16 per cent level established just over a week ago.

Once again, it was thus renewed strength in the Gilt-edged sector which gave equities impetus. The overnight reduction to 18½ per cent in Chase Manhattan's prime lending rate triggered fresh overseas and investment support and this soon aroused speculation that the authorities' supplies of the two longer tappettes, which only became available to the market on Thursday, had been exhausted.

Long-dated stocks fairly soon extended their gains to around a point before hesitating in the afternoon as the market became apprehensive about new Government funding. In the event, the issue of £1bn of Exchequer 15 per cent 1997 stock, £25 payable on tender, at £95½, failed to quell enthusiasm and quotations trended higher when dealings resumed at 4.15 pm after the customary recess. The Government securities index gained 0.37 more to 62.29 for a rise on the week of 1.69, its best weekly advance for over a year.

Genuine investment buying developed for leading shares which opened firmer in the wake of Wall Street's overnight improvement. Fresh pressure was exerted on bear positions and values advanced swiftly, putting the FT 30-share index 11.2 higher at 1.00 pm before a close of 10.5 up on balance at 498.2. This represented a rise of 23.5 on the Account, compared with a drop of 78.7 over the previous two-week trading period.

Among the sectors, Middle East uncertainties directed fresh attention to Oils where "New-time" demand contributed to some useful gains. Elsewhere, **Argyll Food's** bid for **Linfood** helped enliven the day's proceedings and caused a revival of interest in other possible take-over candidates.

Demand for Traded options improved and 2,430 deals were arranged, which boosted this week's daily average to 2,200. Activity was well distributed with **British Petroleum** and **ICI** recording 384 and 269 calls respectively. **Racal** attracted 149 puts and **ICI** 107.

Discount Houses good

Still mirroring the strength of gilts and also hopes of lower interest rates, Discount Houses recorded further good gains. **Seccombe Marshall and Campion** *advanced 20 to 240p* and **Allen Harvey and Ross** appreciated 15 to 285p, both in restricted markets, while **Gerrard and National** put on 12 at 260p. **Smith St Aubyn** gained 111 to 135p. **Cater Ryder** improved 10 to 305p and **Union** 8 to 440p. **Clive** hardened a few pence to 29p. **Hill Samuel** stood out in merchant banks, rising 8 to 144p in response to a Press suggestion that the group might soon receive a bid approach from an entrepreneurial British company. **Minster Assets** added 2 at 69½p following the increased interim dividend and higher first-half profits, while **Guinness Peat** found support at 84p, up 6.

Firmer Hire Purchases were featured by **FNFC**, which advanced 3 more for a rise on the week of 7 to 31p on revived speculative support. **Wagon Finance** rose 4 to 43p.

Gains among leading Buildings were often exaggerated by stock shortages. **Blue Circle**, still influenced by the decision to increase cement prices by 7½ per cent from January 1982, rose 8 more for a two-day gain of 20 to 470p. **Ready Mixed Concrete** *firmed* 4 to 188p. Renewed demand lifted **BPB Industries** 6 to 254p and **Tarmac** 8 to 360p. Housebuilders made further progress. **Barratt Developments** firmed 4 to 224p and **Bryant** added 2 at 65p. Elsewhere, **Pochins**, a thin market, advanced 40 to 230p ahead of next Wednesday's preliminary results, while **Phoenix Timber** put on 7 to 102p on revived speculative interest. **John Finlan**, which is involved in discussions with an unnamed party, put on 6 to 168p: the interim results are due next Tuesday. **Ruberoid**, still responding to the higher interim profits, added 6 more at 94p.

Interest in **ICI** was relatively small, but the close was 8 higher at 268p, after 270p. Among other Chemicals, **Coalite** gained *4 to 107p reflecting the company's oil interests.* **Hickson and Welch** improved 8 to 173p and **British Benzol** 3 to 23p: the latter will be quoted ex-rights on Monday.

Gussies up again

Business in Stores was more substantial than of late and the leaders usually finished at the day's best. **Gussies "A"** were again outstanding, rising 12 to 410p: the shares go ex-dividend on Monday. **Burton** rose 4 to 123p, but **Debenhams'** interim results disappointed and, despite the dividend maintenance the close was 3 cheaper at 72p. Newsagents, relatively neglected recently, made useful progress. **NSS** advanced 7 to 150p, while **Martin** improved a similar amount at 212p. Other movements of note among secondary counters were *usually* attributable to speculative demand. **Court Furnishers** jumped 8 to 72p and the "A" a like amount to 66p. **Bakers Household**, 154p, and **Polly Peck**, 300p, added 6 and 10 respectively, but **Currys** became a nervous market in front of Monday's half-timer and shed 3 to 160p.

The popular Electrical majors brought an erratic week's trading to a strong close. Renewed buying, some of which was for institutional account, helped prices improve from the outset and, although best levels were not held, closing gains still ranged to 18. **Thorn EMI** finished that much better at 450p, after 453p, and **GEC** added 12 at 700p, after 705p. Further consideration of the company's U.S. radio *marketing deal with Gould company of Illinois* helped **Racal** touch 430p before closing at 425p, up 13 on balance. **Plessey** put on 9 to 320p, after 323p. Elsewhere, **Farnell** jumped 20 more to 490p following comment on the interim results and **Lec Refrigeration** gained 5 to 182p in response to Press comment. **Aircall** firmed 10 to 200p as did **Ferranti**, 505p, and **Telephone Rentals**, 290p. **United Scientific** rose 26 to 483p.

GKN highlighted Engineerings, rising 11 to 163p on reports that the group has set up a new company—GKN Sankey Defence Operations—in order to enter the international armaments business. Of the other leaders, **Hawker** rose 10 to 300p and **John Brown** gained 3 to 73p. **Tubes**, however, reacted 4 to 108p to the accompaniment of vague rumours of a pending rights issue. Elsewhere, **Molins** rose 6 to 154p following satisfactory interim results and **Mining Supplies** advanced 8 to 110p in response to the chairman's optimistic annual statement. **Birmid Qualcast**, 231p, and **Spirax Sarco**, 136p, hardened a penny and 2 respectively after Press comment. **Moss** were raised 7 to 80p on technical *influences.*

The Food sector featured **Linfood**, which jumped 20 to 172p, after 173p, following the bid from **Argyll Foods**, 5 cheaper at 86p. **Bishops Stores A**, in which Linfood hold a 12.19 per cent stake, put on 16 at 112p. Elsewhere, **British Sugar** met with fresh support and firmed 13 to 328p. Demand ahead of the interim results, due net Tuesday, lifted **Associated Biscuit** 2 more to 70p for a gain on the week of 11, while **J. E. England** added 2 to 26p following the satisfactory mid-term report.

Glaxo recover

Glaxo, 14 better at 396p, regained composure after Thursday's late nervousness caused by rumours that a rights issue might be announced with Monday's preliminary results. Other miscellaneous industrial leaders ended the week on a bright note with **Reckitt and Colman** notable for a rise of 12 at 264p. **Bowater** put on 7 to 219p as did **Pilkington** at 280p and **Unilever** at 585p. Elsewhere, **Courtney Pope** were outstanding, jumping 9 to 41p in response to the *much-better-than-expected* preliminary results. Comment on the company's link-up with Fujitsu of Japan attracted more buyers to the currently popular **ICL**, which closed 3 higher at 43p, making an advance on the week of 9. Support was again forthcoming for **Granada A**, 16 better at 220p, while **Scotcros** revived with a gain of 11 at 108p. Still reflecting U.S. bid hopes, **Wood Hall Trust** appreciated 6 to 143p. **BTR** improved a similar amount to 344p following investment support. **William Press** rose 4 to 74p and **Thomas Tilling** added 6 to 165p; the latter in response to Press comment. The Australian **Broken Hill Proprietary** moved up 35 to 700p. **Reed Executive**, however, contrasted with a fall of 5 to 31p, after 30p, in reaction to news of the interim dividend reduction and near-£1m first-half deficit.

Among Television issues, **Scottish A** jumped 9 to 77p following the interim results and cheerful statement. Sterling's fresh improvement directed attention to selected holiday concerns and **Horizon Travel** *gained* 10 for a two-day rise of 21 to 228p. **Saga Holidays** put on 15 at 345p.

Some isolated firm spots emerged among Motors. **Lucas** rallied 8 to 217p, while **Caffyns** traded up to 136p for a gain of 10.

Properties attracted good support on interest rate optimism and closed with widespread gains. "New-time" buying accounted for some of the business and **Land Securities** rose 6 to 296p. **Hammerson A** were in demand and advanced 30 to 615p, while **Haslemere Estates** gained 14 to 400p. **Great Portland Estates** rose 10 to 196p and **Stock Conversion** 8 to 343p. Outside the leaders, **Anglo Metropolitan**, the subject of a bid from First Pennsylvania Mortgage Trust, rose 7 to 82p. **City of Aberdeen Land** advanced 35 more to 430p, still reflecting the annual results and proposed one-for-eight scrip issue.

Oils improve

A volatile sector this week on Middle East uncertainties, Oils took a turn for the better. **British Petroleum**, *300p, and* **Shell**, *352p*, rose 6 apiece, while **Ultramar** gained 22 to 475p. **Lasmo** put on 15 at 520p and **Tricentrol** 8 at 252p. Further demand lifted **KCA International** 16 for a two-day gain of 24 to 142p, while **KCA Drilling** advanced 8 to 66p. **CCP North Sea** rose 23 to 195p following the exchange of shares with **Cluff**, 15 higher at 205p.

Textiles took up a firmer stance. **Dawson International** added 5 at 123p, while **Nottingham Manufacturing** rose 3 to 131p. **Lister** closed 2 dearer at 38p, after 39p, following the reduced full-year loss. Renewed speculative interest was noted in **Sirdar**, 9 up at 215p, and in **Nova Jersey**, 3 higher at 76p.

Blantyre Tea improved 3 more to 93p for a gain of 23 since Wednesday's rejection of the bid from Eastern Produce; Barlow Holdings, which revealed a 6.85 per cent stake in the former on Thursday, were adjudged by the Takeover Panel to actually control 17.61 per cent through various subsidiary companies. **Warren** eased a couple of pence to 243p after touching 248p in response to news that unit trust group G. T. Management had aquired a 10 per cent stake and aimed to block or hinder **McLeod** *Russel's contested offer.* McLeod added 2 at 312p.

Golds advance

Mining markets ended the account with a flourish as the recent trend of lower American interest rates saw the bullion price advance $7 to $453 an ounce.

South African Golds attracted persistent support throughout the day as the strength of the gold price coupled with a shortage of stock and a firm Financial Rand left prices at the day's best levels at the close.

The Gold Mines index responded with a 9.8 rise to 392.8—a gain of 14.2 over the week.

The generally lower profits in the September quarter from the Gold Fields group mines were much in line with market expectations and had little impact on the day's trading.

In heavyweights, **Randfontein** were outstanding and rose £1¼ to £31¼ while **Western Holdings** added £1¼ to £33⅞ and **Southvaal** a further ⅜ to a 1981 high of £20. In medium and lower priced issues **Kinross** were active and closed 32 firmer at 775p.

UK-based Financials registered substantial gains in active trading, as hopes of lower interest rates, boosted base-metal prices and the UK equity market. **Rio Tinto-Zinc** were outstanding and advanced 25 to 515p, after 517p, while **Gold Fields** added 20 to 505p and **Charter Consolidated** 12 to 244p, after 247p. **Tanks** edged up 3 to 453p following further purchases of shares by Societe Generale de Belgique.

Australians made progress. The speculatives showed **Otter Exploration** 7 to the good at 62p.

Persistent rumours of imminent news regarding the Condor oil-shale deposit lifted **Central Pacific** 2 more to 58p and **Southern Pacific** a like amount to 27p.

An otherwise subdued Tins sector was featured by **Hemerdon Mining and Smelting** which jumped 8 more to 62p—a week's gain of 15—on further consideration of the company's application for planning permission for construction of the tungsten-tin mine in Devon.

FINANCIAL TIMES STOCK INDICES

	Oct. 9	Oct. 8	Oct. 7	Oct. 6	Oct. 5	Oct. 2	A year ago
Government Secs	62.29	61.92	61.66	60.95	60.93	60.60	70.63
Fixed Interest	63.43	63.04	62.77	62.60	62.30	62.25	72.01
Industrial Ord.	498.2	487.7	486.7	475.0	490.4	476.5	466.3
Gold Mines	392.8	383.0	394.7	401.5	387.0	378.8	532.5
Ord. Div. Yield	5.96	6.11	6.11	6.26	6.08	6.28	7.90
Earnings, Yld. % (full)	10.02	10.28	10.28	10.55	10.25	10.66	17.82
P/E Ratio (net) (*)	12.84	12.58	12.62	12.22	12.58	12.19	6.67
Total bargains	20,060	18,150	20,065	16,560	17,325	16,095	20,468
Equity turnover £m.	—	111.77	128.16	103.65	112.86	90.25	146.90
Equity bargains	—	12,984	12,863	13,645	12,826	11,861	17,850

10 am 492.2. 11 am 493.3. Noon 497.4. 1 pm 498.9.
2 pm 496.4. 3 pm 496.5.

Latest Index 01-246 8026.
*Nil = 11.40.

Basis 100 Govt. Secs. 16/11/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/1)	60.45 (28/9)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/1)	61.94 (28/9)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/8)	262.5 (29/6)	558.9 (22/9/80)	43.5 (28/10/71)

S.E. ACTIVITY

	Oct. 8	Oct. 7
—Daily		
Gilt Edged Bargains	228.7	213.0
Equities Bargains	84.1	83.3
Value	225.9	259.0
5-day Avrge.		
Gilt-Edged Bargains	205.4	192.0
Equities Bargains	82.5	84.0
Value	221.3	216.2

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (7)

BRITISH FUNDS (3)
Treas 8¼pc '80-82 — Treas 9¼pc '83
Treas 3pc '82

FOODS (2)
Bishop's Stores — Linfood

INSURANCE (1)
Howden Warrants

MINES (1)
Southvaal

NEW LOWS (9)

FOREIGN BONDS (1)
Hungary '24 Ass

AMERICANS (1)
Crown Zellerbach

BANKS (1)
Ottoman Bank

ENGINEERING (2)
Brit Aluminium — Chamberlin Hill

INDUSTRIALS (1)
Fitzwilton

RUBBERS (2)
Kuala Kepong — Kulim

MINES (1)
Kamunting

RISES AND FALLS

	Yesterday Up	Yesterday Down	Yesterday Same	On the week Up	On the week Down	On the week Same
British Funds	89	—	3	374	1	85
Foreign Bonds	34	3	33	157	10	193
Industrials	510	99	764	2,055	773	4,037
Financial and Properties	270	34	197	1,102	291	1,117
Oils	42	17	44	211	106	198
Plantations	3	8	12	25	29	61
Mines	78	14	75	287	210	338
Others	63	50	81	268	293	410
Totals	1,089	225	1,209	4,479	1,713	6,429

LEADERS AND LAGGARDS

Percentage changes since December 31, 1980, based on Thursday, October 8, 1981.

Insurance Brokers	+28.23	Other Consumer	+ 5.72
Tobaccos	+25.15	Mechanical Engineering	+ 5.12
Contracting, Construction	+23.40	Financial Group	+ 4.28
Other Industrial Materials	+21.43	Newspapers, Publishing	+ 4.02
Health and H'sehold Products	+18.45	Banks	+ 3.59
Food Manufacturing	+16.62	Brewers and Distillers	+ 0.34
Leisure	+14.51	All-Share Index	+ 0.27
Building Materials	+14.18	500-Share Index	− 0.73
Textiles	+13.80	Investment Trusts	− 0.73
Electricals	+12.91	Motors	− 1.43
Capital Goods	+12.53	Merchant Banks	− 1.86
Engineering Contractors	+12.33	Property	− 3.60
Packaging and Paper	+11.98	Office Equipment	− 3.99
Metals and Metal Forming	+11.34	Overseas Traders	− 5.26
Insurance (Life)	+11.09	Other Groups	− 5.35
Food Retailing	+ 9.72	Gold Mines Index	− 6.01
Insurance (Composite)	+ 9.72	Stores	− 6.65
Hire Purchase	+ 9.25	Chemicals	− 9.83
Mining Finance	+ 7.43	Shipping and Transport	−11.92
Industrial Group	+ 7.22	Discount Houses	−17.31
Consumer Group	+ 6.99	Oils	−27.12

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

Fri., Oct. 9, 1981 — Index No. — Day's Change % — Est. Earnings Yield % (Max.) — Gross Div. Yield % (ACT at 30%) — Est. P/E Ratio (Net) — Thurs., Oct. 8 Index No. — Wed., Oct. 7 Index No. — Tues., Oct. 6 Index No. — Mon., Oct. 5 Index No. — Year ago (approx.) Index No. — Highs and Lows Index: 1981 High, Low; Since Compilation High, Low

FIXED INTEREST

PRICE INDICES — Fri., Oct. 9 — Day's change % — Thurs., Oct. 8 — xd adj. today — xd adj. 1981 to date

AVERAGE GROSS REDEMPTION YIELDS — Fri., Oct. 9 — Thurs., Oct. 8 — Year ago (approx.) — 1981 Highs — Lows

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Other Industrial Materials	31/12/80	287.41	Miscellaneous Financial	31/12/70	128.06
Other Consumer	31/12/80	238.14	Food Manufacturing	29/12/67	114.13
Health/Household Prods.	30/12/77	261.77	Food Retailing	29/12/67	114.13
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67
Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Engineering Contractors	31/12/71	153.84	All Other	10/4/62	100.00
Mechanical Engineering	31/12/71	153.84	British Government	31/12/75	100.00
Office Equipment	16/1/70	128.20	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72

† Flat yield. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 26p.
CONSTITUENT CHANGE: Warren Plantation Holdings (Overseas Traders) has been deleted and replaced by Whitbread Investment Co. (Investment Trusts).

OFFSHORE & OVERSEAS-contd.

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Equity Accum. (2)	247.6	260.6	....	4.16

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815

Property Fd. Sept. 30	154.35		+0.45	6.74
Wider Fund Sept. 30	254.35		-4.48	5.45
Narrower Fd. Sept. 30	69.25		-2.95	14.74

*Unauthorised. Available only to Local Authorities.

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588

American	70.3	75.2	-0.6	2.34
(Accum. Units)	76.1	81.4	-0.6	2.34
American Recovery	76.9	82.3	-0.4	1.64
(Accum. Units)	79.4	85.0	-0.4	1.64
Australasian	88.3	94.5	+0.2	1.51
(Accum. Units)	92.8	99.3	+0.2	1.51
Commodity	125.3	134.1	+1.5	3.45
(Accum. Units)	148.9	159.3	+1.8	3.45
Compound Growth	172.5	188.0	+1.4	3.39
Conversion Growth	115.0	123.1	-0.2	2.86
Conversion Income	71.9	76.9	+0.4	9.45
Dividend	125.9	134.7	+1.6	10.06
(Accum. Units)	287.9	308.1	+3.7	10.06
European	59.9	64.1	-0.3	3.85
(Accum. Units)	66.6	71.3	-0.4	3.85
Extra Yield	77.3	84.3	+1.0	10.15
(Accum. Units)	130.2	141.9	+1.6	10.15
Far Eastern	105.5	113.9	+1.2	1.63
(Accum. Units)	121.4	131.1	+1.3	1.63
Fund of Inv. Tsts.	88.1	96.0	+1.2	4.93
(Accum. Units)	120.2	131.0	+1.6	4.93
General	223.9	242.7	+2.9	6.32
(Accum. Units)	395.4	425.1	+5.1	6.32
Gilt Income	43.6	45.5	+0.6	12.80
(Accum. Units)	46.3	48.6	+0.6	12.80
High Income	105.8	113.2	+1.3	9.60
(Accum. Units)	218.2	233.5	+2.8	9.69
Japan	179.0	192.4	-0.7	0.69
(Accum. Units)	188.3	202.4	-0.7	0.69
Magnum	321.2	343.7	+2.2	5.48
(Accum. Units)	452.3	484.0	+3.1	5.48
Midland	156.8	167.8	+1.4	9.08
(Accum. Units)	309.7	331.4	+2.9	9.08
Recovery	116.6	124.9	+2.0	4.99
(Accum. Units)	132.4	141.8	+2.2	4.99
Second General	241.7	259.8	+3.1	5.52
(Accum. Units)	409.8	440.5	+5.3	5.52
Smaller Companies	253.2	270.9	+2.2	4.47
(Accum. Units)	351.4	376.0	+3.0	4.47
Specialised Funds				
Trustee	161.8	174.7	+2.0	7.58
(Accum. Units)	376.9	407.1	+4.3	7.58
Charibond Oct. 6		86.7	....	14.77
Charifund Oct. 6	153.4	155.8	....	9.77
Pension Ex. Oct. 5	170.6	180.0	....	7.30

ManuLife Management Ltd.
St. George's Way, Stevenage. 0438 56101

Gilt&Fxd Int.	49.9	50.9	+0.1	5.48
Growth Units	78.9	83.1	+5.3	4.84

Mayflower Management Co. Ltd.
14-18, Gresham St., EC2V 7AU. 01-606 8099

Income Oct. 5	100.6	105.8	....	8.88
General Oct. 5	72.9	76.7	....	5.02
Intl. Oct. 5	59.4	62.5	....	3.45

McAnally Fund Management Ltd.
Regis Hse., King William St., EC4. 01-623 4951

Delphi Inc. Tst. Acc.	34.8	38.7	....	8.72
Delphi Inc. Tst. Inc.	25.0	27.8	....	8.72

Mercury Fund Managers Ltd.
30, Gresham St., EC2P 2EB. 01-600 4555

Gen. Dist.	77.8	82.8	+1.1	4.84
Gen. Acc.	114.4	121.7	+1.6	4.84
Inc. Rec.	44.9	47.7	+0.4	7.76
Intl. Dist.	96.2	102.3	+0.1	2.48
Intl. Acc.	111.8	118.9	+0.2	2.48
Ext. Dist. Oct. 7	78.2	81.5	..	4.48
Ext. Acc. Oct. 7	106.7	111.1	..	4.48
Gilt Fund	51.8	52.3	+0.5	—

Midland Bank Group Unit Trust Managers Ltd.
Courtwood House, Silver Street, Head. Sheffield, S1 3RD. Tel: 0742 79842

Commodity & Gen.	105.7	115.4	+0.1	2.74
Acc. Uts.	134.1	146.4	+0.2	2.74
Overseas Growth	48.3	52.2	+0.3	2.22
Do. Accum.	55.0	59.4	+0.3	2.22
Capital	30.5	32.9	+0.3	4.40
Do. Accum.	35.9	38.8	+0.5	4.40
Income	57.8	62.4	+0.8	6.85

Schroder Unit Trust Managers Ltd.
48, St. Martins Lane, WC2. Dealings 0705 27733

Capital	171.0	183.9	-0.2	2.51
(Accum. Units)	222.4	238.0	-0.3	2.51
Income Fnd.	221.1	237.7	+2.7	8.13
(Accum Units)	390.3	419.6	+4.8	8.13
Gen.	129.7	139.4	+0.9	4.36
(Accum. Units)	178.3	191.7	+0.7	4.36
Europe	22.6	24.3	+0.2	2.92
(Accum Units)	27.3	29.3	+0.3	2.92
Smaller Co.'s	146.4	157.4	-0.1	2.70
American	50.0	53.8	+0.4	0.28
(Accum Units)	54.0	58.0	+0.4	0.28
Tokyo	53.2	57.5	-1.5	0.22
(Accum. Units)	53.5	57.5	-1.5	0.22
Gilt & Fixed	42.7	44.9	+0.4	12.81
(Accum. Units)	44.9	47.2	+0.4	12.81
Australian	51.9	55.4	-0.2	2.91
(Accum Units)	51.4	55.8	-0.1	2.91
Singapore & Malay	—	—	..	—
(Accum. Units)	—	—	..	—
*Pn.&C. Fd. Sept. 22	241.6	259.5	...	4.72
*Recovery Sept. 29	270.7	291.0	.....	4.56
*Spec. Ex. Sept. 15	491.1	517.7	..	2.19
Euro Except. Oct. 8	110.0	119.3	.....	3.03

*For tax exempt funds only.

Scottish Amicable Inv. Mngrs. Ltd.
150 St. Vincent St., Glasgow 041-221 8844

Equity Trust Accum.	99.4	104.6	-0.3	5.62

Scottish Equitable Fund Mgrs. Ltd.
28 St. Andrews Sq. Edinburgh 031-556 9101

Income Units	59.5	63.5	....	5.45
Accum. Units	79.3	83.3	....	5.45

Dealing day Wednesday.

For Sebag see Carr, Sebag Unit Trust Managers.

For Security Selection see McAnally Fund Management.

Scottish Widows' Fund Management
P.O. Box 902, Edinburgh EH16 5BU 031-655 6000

Pegasus Tst. Oct. 9	84.4	90.7	+0.6	—

SIMCO Money Funds
66, Cannon Street, EC4N 6AE 01-236 1425

SIMCO Call Fund†	100.0	—	..	15.57
SIMCO 7-Day Fund†	100.0	—	..	15.53
SIMCO $ Fd. (7 day)†	$50.98	—		13.73

†Unauthorised—Cash Deposit Funds.

Stewart Unit Tst. Managers Ltd.(a)
45, Charlotte Sq., Edinburgh. 031-226 3271

†American Fund	97.3	103.0	...	2.02
Accum. Units	105.9	112.2	...	—
Withdrawal Units	79.4	84.2	.	—
*British Capital	187.1	200.4	.	6.60
Accum. Units	219.1	234.7	...	—
**European Fund	84.2	90.3	-0.8	2.05

Deal †Tues. & Fri. *Wed. **Mon. & Thur.

Sun Alliance Insurance Group.
Sun Alliance Hse., Horsham. 0403 64141

Ex. Eq. Sept. 9	£342.80	360.96	..	4.33
The Family Fund	133.1	141.5	+1.8	4.01

Swiss Life Pen. Tst. Man. Co. Ltd.(a)(c)
9-12 Cheapside, London, EC2V 6AL. 01-236 3841

Equity Dist.*	£116.46	123.23	..	5.35
Equity Acc.*	£122.09	127.71	..	5.35
Fixed Int. Dist.†	£86.57	91.07	..	15.17
Fixed Int. Acc.†	£86.75	93.01	..	15.17

*Prices at Sept. 9. Next dealing Oct. 14. †Prices at Oct. 7. Next dealing Nov. 4.

Target Tst. Mngrs. Ltd. (a) (g)
31, Gresham St. E.C.2. Dealings: 0296 5941. 19, Athol Crescent, Edin 3. 031-229 8621/2

Commodity	67.3	72.4	+0.2	2.63
Energy	44.4	47.7	-0.4	1.57
Financial	94.5	101.6		4.56
Gilt Capital	127.1	133.1	+1.0	3.25
Gilt Income	82.6	86.5	+0.6	13.22
Investment Trust	48.9	52.4	+0.1	13.57
Special Situations	35.1	37.7	+0.2	1.51
American Eagle	40.5	43.5	-0.3	1.55
U.S. Spcl. Bond Fd.	23.3	25.0	..	7.06
Malaysia & Sngpre	18.0	19.4	..	1.75
Pacific Income	40.0	43.0	+0.5	1.62
Pacific Re Inv	46.5	50.0	+0.3	1.62
Income	24.5	26.5	+0.3	9.54
Extra Income	48.2	51.8	+0.4	12.63
Preference Share	10.9	11.9		17.35
Equity	49.2	52.9	+1.2	5.69
Income and Growth	54.9	59.0	+0.3	5.70
Growth	37.8	40.6	+0.3	3.53
Professl. Oct. 7	214.9	222.3	..	4.67
Eqty. Ex. Inc. Oct. 7	273.2	295.9	..	6.37
Eqty. Ex. Acc. Oct. 7	434.4	469.6	..	6.37

INSURANCE & PROPERTY

Norwich Union Insurance Group
PO Box 4, Norwich NR1 3NG. 0603 22200

NU(G (Managed Funds) Ltd.

Managed Fund	279.7	294.4	+1.6	—
Equity Fund	464.7	489.1	+3.5	—
Property Fund	199.2	209.6	+0.1	—
Fixed Int. Fund	162.0	176.8	+1.0	—
Deposit Fund	140.3	147.6	+0.1	—

Norwich Union Life Insurance Society Pensionmaster

Fixed Interest*	95.0	100.0	....	—
Ordinary Share*	95.0	100.0	....	—
Property*	95.0	100.0	..	—
Deposit*	95.0	100.0	.	—
Index Linked Secs.*	95.0	100.0		—
Mixed*	95.0	100.0	.	—

*Prices at Oct. 6.

Nor. Units Sept. 15		287.5		—

Phoenix Assurance Co. Ltd.
4-5 King William St., EC4P 4HR 01-626 9876

Wealth Asc.	162.8	171.5		—
Eb'r. Ph Eq E.	122.2	129.3		—

Pioneer Mutual Insurance Co. Ltd.
16, Crosby Rd., N. Waterloo, L'pool 051-928 4655

Pioneer Mtl Md Fd	91.2	96.5	.	—

Planned Savings Group
25 Worship St., London, EC2A 2AB. 01-920 0661

1st Managed	91.2	95.9	..	—
1st Fixed Interest	68.1	72.4	.	—
4th Managed	52.6	55.7	.	—
5th Managed	67.8	72.0	..	—
Pension Managed	67.90	72.00	..	—
Family Managed	146.4	149.4	..	—
Do. B Managed	79.9	81.5	..	—
Do. C Britannia	62.3	63.6	..	—
Do. D Fxd. Int.	94.7	96.6	..	—
Family Capital Fund	82.9	84.6	..	—
Family Brit.II	49.2	50.2	..	—

Premium Life Assurance Co. Ltd.
Eastchester Hse., Haywards Heath, 0444 58721

American Tech. Fd.	106.0	112.0	..	—
Building Soc. Fd	100.0	106.0	.	—
Balanced	98.0	104.0		—
Data Mangd. Fd	84.0	89.0	.	—
Deposit	105.0	111.0	.	—
Gilt	99.0	105.0	.	—

Sun Life Unit Assurance Ltd.
107, Cheapside, London, EC2V 6DU. 0272-299 528

Managed Cap.	175.8	185.1	+0.7	—
Managed Acc.	184.4	194.2	+0.8	—
Property Cap.	159.1	167.5	..	—
Property Acc.	168.1	177.0	....	—
Equity Cap.	221.1	232.8	+3.1	—
Equity Acc.	234.0	246.4	+3.3	—
Fixed Interest Cap.	116.6	122.8	+1.6	—
Fixed Interest Acc.	123.5	130.1	+1.7	—
Cash Cap.	124.0	130.6	..	—
Cash Acc.	131.5	138.5	+0.1	—
International Cap.	144.4	152.0	-1.6	—
International Acc.	152.0	160.0	-3.1	—
American Cap.	117.4	123.6	-0.5	—
American Acc.	124.0	130.6	-0.5	—
Far Eastern Cap.	140.7	148.2	-2.6	—
Far Eastern Acc.	148.7	156.6	-2.6	—
Distribution	98.8	104.0	+2.3	10.87

Sun Life Pensions Management Ltd.
(funds for individual pension contracts)

Pens. Managed Cap.	140.2	147.6	+0.6	—
Pens. Managed Acc.	147.8	155.6	+0.7	—
Pens. Property Cap.	110.6	116.5	+0.2	—
Pens. Property Acc.	113.7	119.7	+0.1	—
Pens. Equity Cap.	159.7	168.2	+3.5	—
Pens. Equity Acc.	166.5	175.3	-3.7	—
Pens. F. Interest Cap.	93.4	98.4	+0.4	—
Pens. F. Interest Acc.	97.4	102.6	+0.4	—
Pens. Cash Cap.	108.8	114.6	..	—
Pens. Cash Acc.	112.7	118.7	..	—
Pens. Intnl. Cap.	140.3	147.7	-0.4	—
Pens. Intnl. Acc.	147.4	155.2	-0.5	—
Pens. American Cap.	107.2	112.9	-1.3	—
Pens. American Acc.	114.4	117.3	-1.3	—
Pens. Far Estrn. Cap.	144.2	151.8	-1.8	—
Pens. Far Estrn. Acc.	149.6	157.5	-1.9	—

Target Life Assurance Co. Ltd.
Target House, Gatehouse Road, Aylesbury, Bucks. Aylesbury (0296) 5941

Man. Fund Inc.	122.0	128.4	..	—
Man. Fund Cap.	111.9	117.8	....	—
Man. Fund Acc.	169.0	177.9	..	—
Man. Fd. Intl.	122.4	128.8	..	—
Prop. Fund Inc.	139.1	146.4	+0.1	—
Prop. Fd. Cap.	125.2	131.8	-0.5	—
Prop. Fd. Acc.	196.5	206.8	-0.1	—
Prop. Fd. Intl.	136.9	144.4	+3.9	—
Prop. Fd. Inv.	145.0	—	.	—
Fixed Int. Fd. Inc.	110.1	115.9	..	—
Fixed Int. Fd. Cap.	99.8	105.0	..	—

OFFSHORE & OVERSEAS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1981 High	1981 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
99⅜	99⅛	Treas. Variable '81	99⅝	+1/16	16.54	15.95
100¼	99¾	Exch. 12¾pc 1981	99½	+1/16	12.80	15.74
98⅝	95	Treas. 8½pc '80-82	98⅜	+¼	8.64	14.53
96¼	91⅜	Treasury 3pc '82	96¾	+¼	3.10	12.73
107	99	Treasury 14pc '82	99⅞	+⅛	14.01	14.31
99¼	98	Treas. Variable '82	99⅝	+⅛	16.54	16.88
96	93	Treasury 8¼pc '82	95½	+¼	8.63	14.83
96	93	Exch. 9¼pc 1982	95⅛	+¼	9.72	14.95
95¼	92⅝	Exch. 8¾pc 1983	94⅜	+⅛	9.27	13.75
92¼	84⅞	Exch. 3pc 1983	90	+⅝	3.33	11.08
99⅞	95	Treasury 12pc 1983	96⅜	+⅛	12.45	14.90
99½	96¼	Treas. Variable '83	99¾		16.57	16.82
91½	90⅛	Treasury 9¼pc '83	91½	+½	10.10	14.83
107	95¼	Exch. 13½pc '83	96½	+½	13.98	15.42
94⅛	89¼	Exch. 10pc 1983	90½	+½	11.04	15.25
88	83½	Funding 5½pc '82-84	84½	+¼	6.50	13.65
96⅜	90⅛	Exch. 11¼pc 1984	91⅞	+½	12.24	15.42
103	95¼	Exchequer 14pc 1984	95⅞	+½	14.45	15.46
82⅞	77¼	Exch. 3pc 1984	78		3.85	12.94
98⅜	90½	Treasury 12pc 1984	92⅝	+½	12.95	15.18
107¼	97⅝	Treasury 15pc 1985	98⅞	+½	15.17	15.38
98¾	89	Exch. 12pc Cnv. '85	90⅞	+½	13.20	15.52
76	71	Treasury 3pc 1985	72	+⅛	4.17	12.95
96	86⅝	Treasury 11½pc 1985	88¼	+⅝	13.03	15.71
98⅞	88½	Exch. 12½pc 1985	89⅝	+½	13.66	15.73
97⅛	86⅝	Exch. 11¾pc '86	87¾	+⅝	13.39	15.68
70	65⅜	Treasury 3pc 1986	66¾		4.49	12.77
97	86⅝	Treasury 12pc '86	87¾	+⅜	13.67	15.77
88⅝	79¾	Treasury 8½pc '84-86	80½	+¼	10.55	14.27

Five to Fifteen Years

1981 High	1981 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
103⅝	94⅛	Exch. 13¼pc 1987	95	+¼	14.24	15.17
81¾	71⅛	Funding 6½pc '85-87	73¼xd	+⅜	8.83	13.41
99½	83⅝	Treas. 12pc 1987	84⅝xd	+⅛	14.06	15.87
81⅛	73¼	Treasury 7¾pc '85-88	75½	+⅜	10.49	14.13
65½	58⅝	Transport 3pc '78-88	60⅝	+⅜	5.01	11.84
92¾	79½	Treasury 11½pc 1989	82¾	+½	14.17	15.90
67¼	59¼	Treasury 5pc '86-89	61⅞xd	+⅛	8.07	12.72
101½	88⅝	Treasury 13pc 1990	91⅝	+⅜	14.69	15.49
95	82⅝	Exch. 12½pc 1990	84⅞	+½	14.64	15.98
80⅞	71⅛	Treasury 8¼pc '87-90	73⅜	+⅜	11.67	14.22
93⅛	79⅝	Treasury 11¾pc 1991	82⅝	+⅞	14.76	16.02
66¾	57¼	Funding 5¾pc '87-91	59⅛	+⅜	9.74	13.56
90	72⅜	Exch. 11pc 1991	75⅝xd	+¼	14.47	15.86
98⅜	83¼	Treasury 12¾pc '92	84½	+¼	15.24	16.01
82⅞	70¼	Treasury 10pc 1992	72⅞	+½	13.99	15.63
94	79	Exch. 12¼pc '92	82	+½	15.23	16.11
101⅞	84¼	Exchequer 13½pc '92	87½	+½	15.56	16.10
96¾	81¼	Treasury 12½pc '93	84⅞	+½	15.28	15.95
63⅞	53⅞	Funding 6pc 1993	55¼	+⅜	10.84	13.71
105¾	89¼	Treasury 13¾pc 1993	93	+⅝	15.68	16.06
107¼	90⅝	Treasury 14½pc '94	93½	+½	15.78	16.02
104¼	82⅝	Exchequer 13½pc 1994	85⅝xd	+½	15.66	16.11
95⅝	79½	Exch. 12½pc 1994	82½	+⅝	15.43	16.01
79¾	67⅞	Treasury 9pc '94	69⅝	+⅞	13.64	14.99
92⅞	77¾	Treasury 12pc '95	81	+⅝	15.30	15.93
51¼	42	Gas 3pc '90/95	43½xd	+⅜	6.91	11.23
85	69¾	Exch. 10¼pc 1995	72¼	+½	14.68	15.62
100⅛	81⅝	Treasury 12¾pc '95	82½xd	+⅝	15.28	15.72
104⅞	88½	Treas. 14pc '96	91⅝	+⅝	15.52	16.04
76¾	63¼	Treasury 9pc '92-96	65⅜	+⅛	13.90	15.06
115⅝	91⅝	Treasury 15¼pc '96	95xd	+⅝	15.89	16.01
103½	84¼	Exchequer 13¼pc '96	84⅞xd	+⅜	15.38	15.73
100¾	90¼	Treas. 2pc I.L. '96	92¼	+¼	2.40	2.96
50¼	42⅝	Redemption 3pc 1986-96	43⅞	+⅜	6.85	10.55

Over Fifteen Years

1981 High	1981 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
101½	85⅛	Treasury 13¾pc '97	88¼	+⅝	15.53	15.80
83⅞	69¼	Exchequer 10½pc 1997	72⅜	+½	14.81	15.50
74¾	62⅛	Treasury 8¾pc 1997	64⅜	+½	13.88	14.78
—	—	Exchequer 15pc 1997	£95½		15.71	15.77
65⅝	51⅞	Treasury 6¾pc '95-98	53¾xd	+½	12.47	13.91
114½	94½	Treas. 15½pc '98	98	+¾	15.89	15.93
95⅛	79	Exch. 12pc 1998	82⅞	+⅝	15.36	15.70
79⅜	66⅝	Treasury 9½pc 1999	63⅞	+⅜	14.27	14.92
94	76⅝	Exch. 12¼pc 1999	80	+⅝	15.42	15.73
86¼	72	Treasury 10½pc 1999	74⅝	+½	14.90	15.41
100	83½	Treas. 13pc 2000	86⅞	+⅝	15.53	15.70
107¾	90⅝	Treas. 14pc '98-01	94	+⅞	15.81	15.90
93¼	77¼	Exch. 12pc '99-02	80⅞	+⅝	15.34	15.53
104⅜	87⅛	Treas. 13¾pc 2000-03	90⅝	+⅝	15.73	15.73
90	73½	Treasury 11½pc '01-04	77	+⅝	15.07	15.26
41⅜	33⅞	Funding 3½pc '99-04	34⅜	+¼	10.44	12.19
99¼	82¾	Treasury 12½pc '03-05	86⅛	+⅝	15.39	15.47
91½	86⅜	Treas. 2pc IL '06	89	+⅞	2.41	2.65
68¾	56¼	Treasury 8pc '02-06	58⅝	+½	13.63	14.03
92½	76⅜	Treasury 11¾pc '03-07	79¾	+⅝	15.23	15.32
103⅛	84¾	Treas. 13½pc '04-08	88⅛	+⅝	15.42	15.47
50⅝	41⅛	Treasury 5½pc '08-12	43⅛	+⅜	12.89	13.24
66¾	55⅝	Treasury 7¾pc '12-15	57⅞	+½	13.78	13.89
98⅛	81¾	Exch. 12pc '13-17	85	+⅝	14.81	14.82

Undated

1981 High	1981 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
33¼	27⅛	Consols 4pc	28½	+¼	14.43	—
32¼	25⅜	War Loan 3½pc	26¼	+¼	13.73	—
37⅝	30½	Conv. 3½pc '61 Aft.	31⅝	+¼	11.10	—
25	20⅛	Treasury 3pc '66 Aft.	20⅞	+¼	14.41	—
21⅛	17⅛	Consols 2½pc	18½	+¼	13.82	—
21	16¾	Treasury 2½pc	17½	+¼	14.34	—

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

1981 High	1981 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
99⅝	91	Finland 14½pc Ln 1986	93xd	+¼	15.59	16.68
92¼	87	Int. Bank 5pc '77-82	91¼		5.44	15.35
99	90½	Do. 13½pc Ln 1986	92		14.85	16.03
100	89½	Sweden 13½pc 1986	91¼	..	14.90	16.32

CORPORATION LOANS

1981 High	1981 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
93½	84¾	Bath 11¼pc 1985	86½	+1	13.01	16.00
98	89	Birm'ham 12½pc 1985	90¾	+¾	13.77	15.88
102	90¾	Burnley 13pc 1987	94	+1¼	14.51	15.85
95½	80½	Cardiff 11pc 1986	83¾xd	+1	13.03	15.58
100⅛	97⅞	G.L.C. 12½pc '82	98⅛	+⅛	12.74	15.64
99	93½	Do. 12½pc 1983	95	+½	13.16	15.69
95⅜	92½	Glasgow 9¼pc '80-82	93¾	+¼	9.87	15.56
75½	68	Herts 6½pc 1985-87	70	+1	9.81	14.91
98¾	79¾	Leeds 13½pc 2006	84xd	+1½	16.07	16.28
91½	86	Liverpool 9¾pc '80-84	87½	+½	11.14	15.75
26	21½	Do. 3½pc Irred.	23xd	+¼	15.49	—
100½	94½	Lon. Corp. 13¼pc '83	95½	+½	13.86	15.78
88¾	85	Do. 9¼pc '84-85	85¾		10.74	13.95
80½	78½	LCC 5½pc '82-84	79¼		6.94	14.86
71¼	63¾	Do. 5½pc '85-87	66¼	+¼	8.44	14.79
70¼	59	Do. 6¾pc '88-90	60½	+½	11.46	15.46
23¾	18¾	Do. 3pc '20 Aft.	20¼	+¼	15.21	—
97¼	89¾	Sunderland 12¼pc 1984	90¾	+¼	13.54	16.00

COMMONWEALTH AND AFRICAN LOANS

1981 High	1981 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
97½	92¼	Aust. 5½pc '81-82	95¼	+⅛	5.75	15.07
87½	83½	Do. 6pc 1981-83	86¼		7.09	14.53
67¼	58	N.Z. 7¼pc 1988-92	60	+¼	12.08	15.31
81¼	74	Do. 7½pc '83-86	76	+¼	10.17	15.58
141	115	S. Rhod. 2½pc Non-Ass.	132		—	—
61	43	Do. 3½pc 80-85 Asstd	53	+1	6.64	21.40
43	26	Do. 4½pc 87-92 Asstd	33	+3	13.97	20.40
395	323	Zimbabwe Ann (£100pa)	330xd	+7	—	23.77

LOANS

Public Board and Ind.

1981 High	1981 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
64	57¼	Agric. Mt. 5pc '59-89	59½	+¼	8.58	14.00
29½	23¾	Met. Wtr. 3pc 'B'	25¼	+¼	11.97	14.30
114	97	U.S.M.C. 9pc 1982	97		9.60	—
97¾	91	Do. without Warnts.	94½		9.86	—

Financial

1981 High	1981 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
101½	94¼	FFI 14pc '83	95¾		14.61	16.32
93½	88½	FFI(UK Fn)5¼pcDb. '80-2	92½		5.96	14.58
83½	77	Do. 6¾pcDb. '81-84	80½	+¼	8.08	15.34
93	84½	Do. 10½pc Uns.Ln. '86	87	+½	12.47	15.70
92	80	Do. 11pc Uns.Ln. '88	84	+½	13.57	15.10
92	80	Do. 11¾pc Uns.Ln. '90	82½	+½	14.82	16.48
94½	78½	Do. 12½pc Un. Ln 1992	80		15.77	16.80
64½	54½	Do. 7¼pcADeb. '89-92	55½		13.60	16.52
62	51½	Do. 7¼pcADeb. '91-94	52½xd		13.91	16.17
72½	60	Do. 9pc 'A' '91-94	60½		15.00	16.59
70	56½	Do. 8⅞pcLn '92-97	58	+¼	15.30	16.78

Building Societies

1981 High	1981 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
100⅛	98	N'wide 14¾pcBd11.8.82	99¼	+¼	14.86	—

FOREIGN BONDS & RAILS

1981 High	1981 Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
95	58	Antofagasta Rly.	72		—	—
55	53½	Do. 5pc Pref.	54		—	—
98	98	Chilean Mixed	98		3	13.08
28	14	Chinese 4½pc 1898	17		—	—
22	11	Do. 5pc 1912	13		—	—
18	8	Do. 5pc 1913	9½		—	—
16	9	Do. 5pc '25 Boxer	9½		—	—
94	76½	Denmark 13pc 2005	80½	+1	13	16.98
45	36	Greek 7pc Ass.	45		3½	18.04
42	33	Do. 6pc 28 Stb. Ass.	42		3	17.22
35	30	Do. 4pc Mixed Ass.	35		2	15.80
52	38	Hung. '24 Ass.	38	–1	2¾	17.47
97¼	87	Hydro Quebec 15pc Ln 2011	90½	+½	17.19	17.12
67	60	Iceland 6½pc '83-88	62		6½	16.10
102	81½	Do. 14½pc Ln 2016	85	+½	17.43	17.43
90¼	83½	Ireland 7½pc '81-83	88¾		7½	16.26
79¾	64½	Do. 9¾pc '91-96	66½		15.81	16.12
215	180	Japan 4pc '10 Ass.	210		—	—
79	66	Do. 6pc '83-88	66		6	14.01
165	155	Peru Ass. 2007	165		5.22	17.94
96¾	79½	Pet. Mx 14½pc '06	83	+½	14½	17.63
579	575	Turin 9pc 1991	575		9	12.00
DM90	DM87	Turin 6½pc 1984	DM87		6½	11.30
96	96	Uruguay 3½pc	96		3½	3.85

AMERICANS

1981 High	1981 Low	Stock	Price £	+ or –	Div. Gross	C'vr	Y'ld Gr's
27⅝	24	AMF 5% Conv '87	24		5%	—	13.1
16½	912p	Abbott Labs.	14⅝	+⅛	72c	—	2.8
17¼	13⅜	Alcoa $1	13⅜		$1.80	—	6.7
37⅜	16½	Amax $1	25	+1¼	$2.40	—	5.3
21¼	14	Amdahl	15	+	40c	—	1.4
27⅝	16⅝	Amer. Express $0.60	24xd		$2.00	—	4.6
26	15½	Amer. Medical Intl. $1	21½	+¼	64c	—	1.7
14⅜	11¼	Bank America Corpn.	12½	–⅛	$1.52	—	6.8
18⅝	12⅛	Bankers N.Y. $10	17⅛	+⅛	$1.85	—	6.0
36⅝	22¾	Bendix Corp. $5	29¾	–¼	$3.00	—	5.7
14⅜	951p	Beth Steel $8	11½	–⅛	$1.60	—	7.7
18⅞	975p	Brown'g Fer. c16⅔	16	+⅛	84c	—	2.9

[illegible]

1981 High	1981 Low	Stock	Price £	+ or –	Div. Gross	C'vr	Y'ld Gr's
627p	447p	Simplicity Patt.	537p	–6	45⅙c	—	5.8
27	17	Sperry Corp. $0.50	17½xd		$1.92	—	5.9
24⅞	16	Sun Co. Inc.	18	–½	$2.10	—	6.5
33½	27⅞	TRW Inc. $1¼	29¼	+⅝	$2.40	—	4.5
24	17⅝	Tenneco $5	17¾	–¼	$2.60	—	8.1
176	112	Do. 10% Ln. Stk. 91-95	120	–1	10%	—	8.5
15⅝	726p	Tesoro Pt. US$0.16⅔	996p	–¼	30c	—	0.4
21⅞	15⅛	Texaco $6.25	17¾	–⅛	$2.80	—	8.8
22½	11¼	Time Inc. $1	20	–½	$1.00	—	2.8
13⅛	752p	Transamerica $1	11⅝xd	–¼	$1.40	—	6.7
32	20⅜	Union Carbide $1	26½	–½	$3.40	—	7.1
30⅝	22⅞	Utd. Tech. $US5	24⅛	–¼	$2.40	—	5.5
17⅛	969p	U.S. Steel $1	15⅛	+⅛	$2.00	—	7.4
13⅞	10	Woolworths $3½	10¼	–⅛	$1.80	—	9.7
19½	10½	Zapata Corp. 25c	16½	–1	40c	—	1.3

CANADIANS

1981 High	1981 Low	Stock	Price £	+ or –	Div. Gross	C'vr	Y'ld Gr's
13	10	Bk. Montreal $2	11½	..	$1.84	—	8.9
12½	10¼	Bk. Nova Scot. $1	11¾xd	+⅛	$1.76	—	6.8
846p	660p	Bell Canada $8⅓	756p	–5	$1.80	—	10.5
11	630p	Bow Valley	728p	+5	15c	—	0.9
15¾	11¼	Brascan	11¼	–⅛	$1.80	—	7.0
13½	970p	Can. Imp. Bk. $2	12xd	+¼	$2.00	—	7.4
24½	13⅞	Can. Pacific $5	19		$1.90	—	4.4
31¾	26⅜	Do. 4pc Deb. £100	26⅝	+¼	4%	—	15.0
10⅞	790p	Can. P. Ent.	898p	+31	$1.12	—	5.5
13⅞	810p	Gulf Can.	882p	–12	44c	—	2.2
962p	469p	Hawker Sid. Can.	495p	+7	96c	—	8.6
20½	12⅞	Hollinger $5	13⅜	+⅛	$2.20	—	7.3
16¾	812p	Hudson's Bay	10⅝	+⅞	$1.20	—	5.1
21¾	795p	Hud. B. Oil G. $2½	18	+¼	32c	—	0.8
16⅞	11½	Imperial Oil	12⅛	+⅛	$1.40	—	5.1
11⅛	765p	Inco	786p	–12	SUS72c	—	5.1
750p	450p	Int. Nat. Gas $1	590p	–10	$1.10	—	8.2
210p	113p	Massey Ferg.	120p	–4	—	—	—
120p	45p	Place Gas $1	55p		—	—	—
17½	10¼	Rio Algom	14⅞	–⅛	$1.50	—	4.5
13	10⅞	Royal Bk. Can. $1	11⅜	–⅛	$1.96	—	7.6
32⅛	23¾	Seagram Co. C$1	26⅝	+⅛	US$1.40	—	2.9
14⅛	11¾	Tor. Dom. Bk. $1	12½	+¼	$1.80	—	6.3
11	750p	Trans Can. Pipe	865p	–2	$1.16	—	6.0

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
45	32	Acmex 50c	45	....	Q2.5c	—	3.5
41	14	ACM 20c	25	+1	—	—	—
21	10	Argosy Gold NL 25c	10	....	—	—	—
229	134	Bond Corp.	138	.	Q10c	2.3	4.5
112	70	Bougainville I Kina	82	+1	‡Q25.4c	1.0	‡
302	194	CRA 50c	208	+2	Q19c	1.7	5.6
25	10½	Canada Northwest	12	.....	—	—	—
35	13	Carr Boyd 20c	16	.	—	—	—
415	43	Central Pacific	58	+2	—	—	—
35	9	Cons. Gold Min N.L. 50c	9	.	—	—	—
47	13	Cultus Pacific N.L.	19	−2	—	—	—
68	22	Eagle Corp. 10c	34	.	—	—	—
40	26	Endeavour 20c	26#	.	—	—	—
560	510	G. M. Kalgoorlie 25c	525	+10	Q32½c	φ	3.8
25	8	Great Eastern	9	...	—	—	—
185	60	Greenbushes Tin 50c	90	. .	Q6c	2.9	4.1
275	140	Hamilton Areas 10p	145	.	2.5	3.1	2.5
168	36	Haoma Gold N.L.	38	−1	—	—	—
85	20	Intl. Mining	24	+4	—	—	—
118	29	Jimberlana (50cFP)	32	....	—	—	—
15	10	Kalbara Min 20c	11	.	—	—	—
245	135	Kitchener NL 25c	180	+5	—	—	—
105	20	Leichardt Expln.	22	−2	—	—	—
430	275	Meekatharra	380	+10	—	—	—
70	40	Metals Ex. 50c	48	+5	§Q3c	φ	3.8
38	20	Metramar Mns. 20cts.	23	....	—	—	—
20	10	Mid East Mns. NL	11½		—	—	—
290	190	M.I.M. Hldgs. 50c	241	+3	Q15c	φ	3.9
21	7½	Minefields Expl. 25c	9½	.	—	—	—
20	13	Newmetal 20c	16	.	—	—	—
69	41	Nickelore N.L.	41	.	—	—	—
204	149	North B. Hill 50c	170	−2	Q18c	φ	6.6
84	50	Nth. Kalgurli	79	−2	—	—	—
200	94	Nth. Mining Corp.	176#	.	♦—	—	—
122	26	N. West Mining N.L.	27	...	♦—	—	—
150	106	Oakbridge 50c	122	+9	Q6½c	φ	3.3
185	90	Oilmin N. L.	103	+5	—	—	—
188	116	Pacific Copper	122	+6	—	—	—
*423	140	Pancont'l 25c	144		—	—	—
88	42	Paringa M&Ex.5p	72	.	♦—	—	—
525	375	Peko-Wallsend 50c	400	. .	Q15c	—	2.3
43	16	Pelsart Res NL	17	+1	—	—	—
120	58	Seltrust A	66		—	—	—
157	18	Southern Pacific	27	+2	—	—	—
100	40	Swan Resources 20c	53		—	—	—
316	75	Vultan Mins 20c	80	+5	—	—	—
18½	8	West Coast 25c	10½	−½	—	—	—
130	90	Westn. Cont 50c	95		—	—	—
335	227	Westn. Mining 50c	291xd	+3	Q14c	φ	2.9
27	14	Westmex	14		—	—	—
76	36	Whim Creek 20c	48	+2	—	—	—
101	26	York Resources	30	+3	—	—	—

Tins

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
16	8½	Amal Nigeria 1p	9		‡‡6.0	—	—
300	210	Ayer Hitam SM1	210	.	‡Q205c	1.0	‡
210	98	Geevor	165	. .	—	—	—
11	8	Gold & Base 12½p.	9	.	—	—	—
660	475	Gopeng Cons.	475	. .	‡30.0	1.8	‡
450	310	Hongkong	320	...	21.0	φ	9.4
160	110	Idris 10p	155#	...	‡9.0	0.6	‡
*29	10	Jantar 12½p	20	....	1.5	4.0	10.7
98	63	Kamunting SM0.50	63	−2	Q27½c	0.8	0.0
665	363	Killinghall SM1	500	....	h66.7c	φ	3.0
114	88	Malay Dredging 10c	114#	..	♦h038c	0.9	7.7
68	30	Pahang	30	...	‡0.63	0.8	‡
118	90	Pengkalen 10p	107	.....	3.5	0.6	4.7
380	290	Petaling SM1	290	.	‡Q180c	1.4	‡
25	19	South Crofty 10p	24#	.	—	—	—
225	185	Sungei Besi SM1	195	+5	Q310c	1.1	35.9
185	90	Supreme Corp. SM1	90		§Q15½c	φ	3.9
118	100	Tanjong 15p	100	.	3.5	3.7	5.0
90	60	Tongkah H. Tin I$m	60	...	Q23%	0.4	7.7
410	220	Tronoh SM1	220xd	..	‡Q110c	1.2	‡

Copper

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
410	165	Messina R0.50	320	..	‡Q45c	4.7	8.0

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
175	35	Anglo-Dominion	45	.....	—	—	—
25½	13	Burma Mines 10p	13	....	0.75	0.9	8.2
330	85	Colby Res. Corp.	145	+20	—	—	—
330	200	Cons. Murch. 10c.	270	.....	‡Q30c	1.8	6.4
10	6	††Explaura Gold	10	.	—	—	—
98	47	††Hemerdon 10c.	62	+8	—	—	—
180	65	Highwood Res.	95	−10	—	—	—
505	260	Northgate C$1	310	+5	—	—	—
633	372	R.T.Z.	515	+25	16.0	2.5	4.5
£130½	£93½	Do 9½%Cn Un Ln '95-2000	£112	+4	Q9½%	—	18.7
103	13	††SPO Minerals 10p	26	.....	—	—	—
47	20	Sabina Inds. C$1	20	.	—	—	—
44	21	††SWCM 10p	26	+1	—	—	—
585	465	Tara Exptn. $1	547	−5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. *Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.*

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- ✱ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a): not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ *Dealt in under Rule 163(3).*
- # Price at time of suspension.
- ¶ *Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.*
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ *Same interim: reduced final and/or reduced earnings indicated.*
- § *Forecast dividend: cover on earnings updated by latest interim statement.*
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ✱ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ✱✱ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b *Figures based on prospectus or other official estimate.* c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed *dividend and yield. h Assumed dividend and yield after scrip issue.* j Payment from capital sources. k Kenya. m Interim higher than *previous total.* n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated *dividend: cover relates to previous dividend, P/E ratio based on latest* annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F *Dividend and yield based on prospectus or other official estimates for 1981-82.* G *Assumed dividend and yield after pending scrip and/or rights issue.* H *Dividend and yield based on prospectus or other official estimates for 1982.* K Figures based on prospectus or other official estimates for 1981-82. M *Dividend and yield based on prospectus or other official estimates for 1980.* N *Dividend and yield based on prospectus or other official estimates for 1981.* P *Figures based on prospectus or other official estimates for 1982.* Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are *not officially listed in London, are as quoted on the Irish exchange.*

				IRISH		
Albany Inv. 20p	42xd	+2		Conv. 9% '80/82	£92	......
Bertrams	8	....		Nat. 9¾% 84/89	£68⅜	......
Bdg'wtr. Est. 50p	405xd	+5		Fin. 13% 97/02	£72⅝	+⅛
Craig & Rose £1	£13	....		Alliance Gas	45	..
Finlay Pkg. 5p	21½xd	....		Arnott	212	..
Graig Ship. £1	£21	+1		*Carroll (P.J.)*	74	...
Higsons Brew	65	.		Concrete Prods.	90	....
Holt (Jos) 25p	515xd	.		Heiton (Hldgs.)	26	....
I.O.M. Stm. £1	150	....		Irish Ropes	42	...
Pearce (C. H.)	740	.		*Jacob*	64	....
Peel Hldgs.	302	....		T.M.G.	15	......
Sheff. Refrshmt	90	..		Unidare	60	......
Sindall (Wm.)	190	.				

OPTIONS

3-month Call Rates

Industrials		House of Fraser	14	Utd. Drapery	6½
A. Brew	6½	I.C.I.	18	Vickers	18
BOC Intl.	11	"Imps"	5	Woolworths	5
B.S.R.	7	I.C.L.	4		
Babcock	9	Ladbroke	13	**Property**	
Barclays Bank	36	*Legal & Gen.*	20	Brit. Land	7
Beecham	17	Lex Service	10	Cap. Counties	11
Blue Circle	35	Lloyds Bank	28	Land Secs.	30
Boots	18	"Lofs"	3½	MEPC	20
Bowaters	19	London Brick	7	Peachey	15
Brit. Aerospace	17	Lucas Inds.	18	Samuel Props.	13
B.A.T.	28	"Mams"	11	Town & City	2¼
Brown (J.)	8	Mrks. & Spncr	10		
Burton Ord.	12	Midland Bank	26	**Oils**	
Cadburys	8	N.E.I.	8	Brit. Petroleum	28
Courtaulds	5½	Nat. West. Bank	30	Burmah Oil	11
Debenhams	7	P & O Dfd.	10	Charterhall	6
Distillers	17	Plessey	25	KCA	12
Dunlop	7½	Racal Elect.	39	Premier	6
Eagle Star	25	R.H.M.	5	Shell	28
F.N.F.C.	3½	Rank Org. Ord.	13	Tricentrol	25
Gen. Accident	30	Reed Intnl.	25	Ultramar	40
Gen. Electric	55	Sears	5		
Glaxo	28	Tesco	5½	**Mines**	
Grand Met.	16	Thorn EMI	30	Charter Cons.	21
G.U.S. 'A'	44	Trust Houses	15	Cons. Gold	40
Guardian	30	Tube Invest.	18	Lonrho	7
G.K.N.	12	Turner & Newall	10	Rio T. Zinc	45
Hawker Sidd.	25	Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 26

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Saturday October 10 1981

MAN IN THE NEWS

Sadat's awkward legacy

BY ANTHONY McDERMOTT

VICE-PRESIDENT Husni Mubarak, after endorsement by Tuesday's referendum, will be the late President Anwar Sadat's successor. He is luckier than most of the survivors of the attack on the dais at the fateful military parade four days ago. For as Mr Sadat rose to acknowledge what he thought was a salute, Mr Mubarak dutifully did the same. His left hand was grazed by a bullet. Mr Sadat fell amidst a hail of bullets.

Mr Mubarak was plucked from the armed forces in April 1975 by Mr Sadat after his successes as air force commander in the October 1973 war against Israel, and has been assiduously groomed since as his successor.

Husni Mubarak

Mr Mubarak, aged 53, and born in the Delta, is only some nine years younger than the late President. But the difference is that his background is not as revolutionary as Nasser's and Sadat's were as officers who overthrew King Farouk. By contrast Mr Mubarak had a distinguished air force career

He has visited the Soviet Union on a number of occasions both for training and political fence mending operations. He speaks Russian fluently but has no sympathy for Soviet policy. He is reputed to be pro-Western, as Sadat was.

Mr Mubarak received the greater part of his political education as under-study to Mr Sadat, whom he accompanied on many trips abroad. He was involved in the transition from a single party to a multi party system dominated by the National

After Mr Sadat last became Prime Minister in May 1980, Mr Mubarak chaired Cabinet meetings with increasing frequency. Since Mr Sadat's death he has been not only commander in chief of the armed forces but also Prime Minister.

Mr Mubarak has been dubbed "Tefal," the Egyptian vernacular for a patented source pan coating, "because nothing sticks in his head." He speaks with a deep resonant voice, but has shown more of his predecessor's capacity for flamboyant rhetoric. He lives modestly and has not been tainted in any way by rumours of corruption. That should be a great strength but his stiff and awkward manner may count against him.

The man who becomes leader in Egypt almost automatically commands respect, but to obtain the level of rational or irrational adoration that Nasser but Sadat commanded is something different. Many think he is still too young to take the helm and lacks a popular touch.

Mr Mubarak has not been deeply immersed in politics until recently. But there are signs that his instinct has developed. He has carefully placed his proteges in key positions.

Critical is how he works with Lt-Gen Abdel-Halim Abu Ghazala, the Defence Minister. Control of the armed forces will be essential for the regime's hold on power.

His conduct of government should be more efficient than Mr Sadat's. Impulsive and guided by instinct, Mr Sadat was impatient with details of administration. Egypt badly needs the closer attention that Mr Mubarak is likely to give.

His first priority must be to establish stability in the country. Crushing the Moslem extremists will precede immediate concern with the trappings of the somewhat artificial delapidated multi-party political system which Mr Sadat left behind.

Mr Mubarak must evolve a style and policies of his own rather than attempt to imitate those of Sadat. Another priority is bound to be the recovery of occupied Sinai by April, 1982, the date scheduled under the Egyptian-Israeli peace treaty.

Sadat funeral 'a mini-summit'

BY MARGARET HUGHES IN CAIRO AND DAVID LENNON IN TEL AVIV

THE funeral of President Anwar Sadat today provides an early opportunity for Mr Hosni Mubarak, his certain successor, to hold talks with U.S. and Israeli leaders on the next stage of the peace negotiations within the framework of the Camp David accords.

The funeral rites for the late Egyptian head of state, assassinated last Tuesday, will be the largest gathering of international leaders in the Middle East since his predecessor, Gamal Abdul Nasser, was buried just over 11 years ago.

Mr Menahem Begin, the Israeli Prime Minister emphasised on his arrival in Cairo yesterday that "the peace process would continue on the path paved for us by President Sadat." Mr Begin and a delegation of ministers left the airport for an immediate 45-minute meeting with Mr Mubarak, whom he embraced affectionately on arrival.

Mr Begin was followed by the 200-strong U.S. delegation led by Mr Alexander Haig, Secretary of State, and including Mr Caspar Weinberger, Secretary of Defence, as well as former Presidents Richard Nixon, Gerald Ford and Jimmy Carter, accompanied by Mrs Rosalyn Carter and the former Secretary of State, Dr Henry Kissinger.

High ranking officials in the U.S. delegation also had a 40-minute meeting with Mr Mubarak. Mr Haig, in common with other foreign dignitaries, is expected to have further talks with him after the *funeral, emphasising that the* occasion is set to become a mini-summit on the Middle East. Mr Mubarak has also accepted an invitation from President Ronald Reagan to visit Washington.

In keeping with Moslem tradition that a *Halshahid* (matyr) killed on the battlefield is buried where he falls, President Sadat will be interred today next to the tomb of the Unkown *Soldier, opposite the spot where* he was assassinated.

Egypt's Vice-President Hosni Mubarak talks with Mr Begin in Cairo

Though the Government has said that Cairo will not be turned into a garrison, world leaders nonetheless arrived to the tightest security ever witnessed in the Egyptian capital. Apart from the measures taken to protect the foreign dignitaries, there has also been a tightening of security throughout the capital in the past 24 hours, after the outbreak of violence on Thursday at Asyut, south of Cairo. There were also two explosions on Thursday night in Cairo, one in the poor area of Shoubra and the other at a barracks in Abbasya. Yesterday a number of people were arrested in Alexandria, after an incident after morning prayers.

Trucks of riot police surround all the main mosques, where even those going in to pray are having their bags searched. There is also tight security around the synagogue in the centre of Cairo. Police are in attendance at every small park or open ground, where Egyptians were yesterday celebrating the second day of the Courban Bairam Moslem feast. Military police were seen patrolling the streets in jeeps.

Asyut still tense, Page 2

Thatcher seeks plan to restore Tory unity before Blackpool

BY RICHARD EVANS, LOBBY EDITOR

THE Prime Minister launched the search last night for a political formula which would end the growing disarray in Conservative ranks and at the same time maintain the Government's economic strategy.

Within hours of returning from her visits to the Middle East, Pakistan and the Commonwealth Conference in Australia, Mrs Thatcher called in senior colleagues to receive an assessment of the pressures in the party for a change of direction.

Mr William Whitelaw, Deputy Prime Minister, Mr Michael Jopling, Government Chief Whip, and Mr Cecil Parkinson, the newly-appointed party chairman, had a working lunch with the Prime Minister at 10 Downing Street. The top priority was to discuss ways of boosting party morale and restoring unity before the *Blackpool conference* next week.

The difficulty facing Mrs Thatcher and her colleagues is that the sense of unease is widespread. It goes far beyond senior dissidents like Mr Edward Heath and Mr Geoffrey Rippon who are receiving most of the blame for triggering the recent upsurge of criticism.

Government Whips, in an assessment of party mood conducted among MPs by phone over the last few days, have found concern expressed in the centre as well as on the left of the Tory party.

A group of centrist MPs is expected to make known at the start of the conference its anxieties over the impact of higher interest rates and mortgages.

Mr Heath, who concentrated in a speech at Newcastle upon Tyne last night on the advantages of EEC membership and the urgent need to join the European Monetary System, intends at the conference to renew his demands for a change in economic direction.

On Mrs Thatcher's return yesterday the first signs appeared to an orchestrated campaign against *Mr Heath and the Tory* wets for their criticism of party policy.

Mr Nicholas Edwards, Secretary for Wales, came to the defence of the Prime Minister with a strong attack on Mr Heath's views on economic policy. He said in Cardiff he was disappointed because of the implausibility of Mr Heath's strategy.

The right-wing Selsdon Group *said that, if the forthcoming by-*elections in Croydon North-West and Crosby were lost, Conservatives knew where to lay the blame.

Merseyside 'task force' plan

BY ROBIN PAULEY

MRS THATCHER has asked Mr Michael Heseltine, Environment Secretary, to continue taking a special interest in Merseyside's problems for a further 12 months, and to establish a "task force" in the area.

The task force will try to coordinate central and local *government activities, and those* of the private sector, to find ways of strengthening the economy and improve the Merseyside environment.

However, the announcements yesterday—the result of Mr Heseltine's visit to Merseyside after the riots in July—contain no concrete proposals, no specific projects, solutions or funds, and no changes of structure to encourage more private investment which had been widely expected.

A key factor is understood to have been reluctance by the Treasury to allow any extra public funds to be committed to Merseyside.

Mr Heseltine said yesterday: "We have spent very large amounts of money on Merseyside and it is quite obvious we do not get as much value for money as we might. It is better to take a more measured view and fund schemes that genuinely stand up to investigation."

However, a group of financial experts will travel abroad to study other countries' methods of dealing with inner city problems. The U.S. will be the main object of interest.

Mr Heseltine denied that his response to the troubles was "pretty thin." But he conceded that there was nothing to make the people of Toxteth and elsewhere feel that immediate financial aid was at hand.

"The proof of this pudding will be, so to speak, in the eating later," he said. "There is no open cheque book but on the other hand it might be possible to make resources available if we find a special reason with a new dimension.

"The answer is not to make promises to spend even more money along the traditional avenues of public expenditure."

Although the task force will also try to promote good *community relations to reduce dis*advantage among ethnic minority groups, questions about policing will continue to be dealt with separately by the Home Secretary.

Mr Heseltine has also persuaded each of about 20 leading financial institutions to lend one of their best managers to work with the Government to find ways of improving co-operation with the private sector on inner city problems.

The Government will also be looking for proposals on incentives for service industries, aid to small businesses and training schemes.

Swiss Paribas takeover bid

BY DAVID HOUSEGO IN PARIS

PARIBAS, the French international banking and investment group on the point of being nationalised by the French Government, was yesterday considering whether to accept a takeover offer for the Banque de Paris et des Pays-Bas Suisse (Paribas Suisse), *one of its largest banking sub*sidiaries outside France.

The Swiss directors of Paribas Suisse yesterday agreed to the takeover offer from Pargesa, an *investment company.* Paribas itself, which has a 60 per cent holding in Paribas Suisse, has yet to reach a decision.

Among the principal shareholders of Pargesa are Becker, the U.S. investment group, and Power Corporation of Canada. The Paribas holding company has stakes in both companies, which have spoken out against the French Government's nationalisation plans.

The involvement of Becker and Power Corp in the takeover bid would seem to imply a deliberate challenge to the French Government's plan to take over Paribas, with all its foreign holdings.

Pargesa's *other main share*holders are Etablissements Frere-Bourgeois, a Belgian energy company, and Volvo Finance SA, a Swiss unit of the Swedish vehicle manufacturer.

M Pierre Moussa, *the Chair*man of Paribas has on numerous occasions made clear his opposition to the Government's nationalisation of Paribas' international banking activities as damaging to the interests of the bank and unwelcome to its foreign partners.

A spokesman for Paribas said yesterday that the government had been warned of the possibility of takeover bids for Paribas subsidiaries before nationalisation. He said he expected that the government would be consulted, but that for the moment the final decision-making powers lay with the *existing management of Paribas.*

Continued from Page 1

Tap stock welcomed

part-paid by tender next week. Twenty-five pounds per cent is payable at the tender, which closes on Wednesday, and the rest on November 13, with the minimum tender price £95.5 per cent.

The new issue was well received on the gilt-edged market, with long-dated stocks closing up £1. The FT Government Securities Index closed up 0.37 points at 62.29, making a gain of 1.69 on the week.

At the weekly UK Treasury Bill tender, the average rate of discount fell to 14.81 per cent from 15.98 per cent last week.

One month inter-bank rates fell to 15⅞ per cent from 16⅞ per cent on Thursday, a fall of ⅝ per cent on the week. Rate falls compared with a week ago extended to 1 point and more in other periods.

Signalling downward pressure on banks' lending rates, Chase Manhattan announced a cut in its UK base rate to 15¼ per cent from 16 per cent.

Continued from Page 1

Mortgages

building societies was quickly followed by Lloyds, and Williams and Glyn's which raised their home loan rates to 15 per cent. National Westminster and Barclays had already moved their rates to 15 per cent and 15¼ per cent respectively.

Midland charges 16 per cent for all loans below £25,000, and 16¼ per cent for larger loans.

Despite yesterday's interest rate moves by the banks, the societies still remain uncompetitive-

Malaysia's $650m Eurocredit

By Peter Montagnon, Euromarkets Correspondent

MALAYSIA yesterday launched a $650m. ten-year Eurocredit, the largest international borrowing it has undertaken.

Terms of the credit were greeted with awe and resignation *in the Euromarket.* They confirm that Malaysia is able to borrow on terms similar to those obtained by the best - rated industrial countries.

It is paying a margin of only ⅜ percentage points over London Interbank rates for a *$500m portion of the loan.* The remaining $150m portion, which carries special tax incentives for lenders, has a margin of only ¼.

Terms such as these yield very small profits for the banks concerned. Bankers say they have become inevitable in the competitive Far East banking market in which Malaysia has borrowed rarely.

Weather

UK TODAY

RAINY and cloudy in southern Britain and a showery day in all remaining districts with some longer periods of rain and gales in the North.

London, S. and S.W. England, the Midlands, S. Wales, Channel Isles.

Rather cloudy with rain and strong South-westerly winds. Max 13C (55F).

N. and N.E. England

Scattered squally showers and sunny intervals with local gale force winds. Max 12C (54F).

N.W. England, N. Wales, S. Scotland, N. Ireland

Squally showers, heavy locally. Some sunny intervals. Winds strong to gale force. Max 10C (50F).

Borders, E. Scotland, the Highlands

Rather cloudy with showers, locally heavy and wintry on hills. Strong to gale force winds. Max 8C (46F).

Outlook: Continuing unsettled.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	22	72	L. Ang.†	F	16	61
Algiers	F	28	82	Luxmbg.	C	16	61
Amsdm.	R	14	57	Luxor	S	37	99
Athens	S	27	81	Madrid	S	23	73
Bahrain	S	35	95	Majorca	F	28	82
Barclna.	C	20	68	Malaga	C	26	79
Beirut	S	28	82	Malta	S	31	88
Belfast	R	11	52	M'chstr.	F	13	55
Belgrd.	S	21	70	Melbne.	F	19	66
Berlin	F	18	64	Mx C.†		—	—
Biarritz	F	20	68	Miami†	F	25	77
Bmghm.	F	13	55	Milan	F	18	64
Blackpl.	R	12	54	Montrl.†	F	5	41
Bordx.	C	20	68	Moscow	R	10	50
Boulgn.	C	15	59	Munich	F	20	68
Bristol	C	13	55	Nairobi	C	24	75
Brussels	R	15	59	Naples	S	24	75
Budpst.	S	20	68	Nassau		—	—
Cairo	S	31	88	Nwcstl.	C	14	57
Cardiff	C	13	55	N York†	F	9	48
Cas'b'ca	C	23	73	Nice	F	22	72
Cape T.	S	20	68	Nicosia	S	29	84
Chicg.†	C	4	39	Oporto	R	16	61
Cologne	C	19	66	Oslo	S	8	46
Cpnhgn.	C	20	68	Paris	R	14	57
Corfu	S	28	82	Perth	S	17	63
Denver†	C	10	50	Prague	F	17	63
Dublin	R	12	54	Reykjvk.	F	2	36
Dbrvnk.	S	23	73	Rhodes	S	28	82
Ednbgh.	R	13	55	Rio J'o†		—	—
Faro	F	22	72	Rome	S	25	77
Florence	S	22	72	Salzbrg.	F	21	70
Frankft.	F	17	63	S F'cisc†	F	12	54
Funchal	F	22	72	S. Moritz		—	—
Geneva	C	16	61	Singapr.		—	—
Gibraltar	F	25	77	S'tiago†		—	—
Glasgow	C	13	55	Stckhm.	S	10	50
G'nsey	C	13	55	Strasbg.	R	15	59
Helsinki	C	9	48	Sydney	F	27	81
H. Kong	C	25	77	Tangier	F	23	73
Innsbrk.	S	20	68	Tel Aviv	S	27	81
Invrnss	C	9	48	Tenerife	F	25	77
I.o.Man	C	13	55	Tokyo	F	23	73
Istanbul	F	22	72	T'ronto†	F	4	39
Jersey	C	15	59	Tunis	S	27	81
Jo'burg	C	15	59	Valencia	S	25	77
L. Plms.	C	23	73	Venice	S	21	70
Lisbon	S	22	72	Vienna	S	18	64
Locarno	F	19	66	Warsaw	S	17	63
London	F	15	59	Zurich	F	15	59

C—Cloudy. F—Fair. R—Rain. S—Sunny.
† Noon GMT temperatures.

THE LEX COLUMN

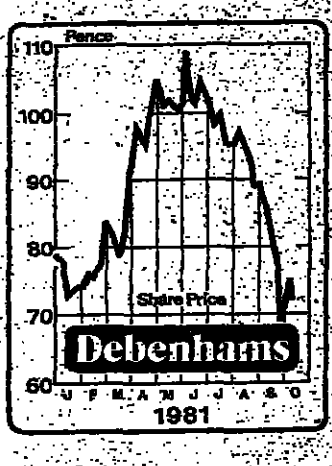
The Duke of New York

The stock market's obsession with interest rates has been almost total this week, and further signs of an easing in short rates yesterday were enough to send equities racing ahead and to encourage gilt-edged buyers to rush for the remnants of the Government Broker's two longer-dated "taplets" issued on Thursday. The surplus demand encouraged the authorities *to come out in the after*noon with the announcement of the first conventional tap stock issue since the notorious "dog" back in March. It is £1bn of 15 per cent Exchequer stock dated 1997, and with just £25 down and the rest payable in November it amounts to an attempt by the authorities to do some advance funding ahead of the next banking month.

So is this the old trick whereby the Bank of England forces up short term interest rates so that it can sell some gilts into the euphoria when they come down again? Surely not, when the Bank's shiny new monetary management system allows the market to set the rates. But it is certainly making the most of the enthusiasm generated by *this week's easing of dollar* rates. This is not so much the Grand Old Duke of York, more the Dook of New York.

One intriguing aspect of the new issue is its price. It is normal for the authorities to price tap issues in line with the market, but analysts estimate that the minimum tender price of this one has been set somewhere between 1 and 2 points above yesterday afternoon's level. It looks rather as though the Bank is trying to coax the market up, and on last night's evidence the market was tempted to co-operate. A cut in bank base rates to 15 per cent early next week would give further encouragement.

Index rose 10.5 to 498.2



Debenhams

Debenhams has managed to push up gross sales by an impressive-looking 19 per cent in the half-year to August. Selling prices and floor space have remained roughly static, so almost all the growth is accounted for by higher volume. But the increase has been achieved at some cost to gross margins and trading profits have fallen to below 1 per cent of turnover.

Even *allowing for the pro*nounced seasonality of Debenhams' business, this is not an impressive performance and the shares, which traded as high as 109p in June. slipped 3p to 72p yesterday. The effect of last year's property and asset disposals has more than offset the inevitable increase in working capital, so the balance sheet is strong enough and interest charges are well down. But there is still a 6 per cent fall to £1.1m at the pre-tax level.

The slow process of rationalisation goes on. Having substantially reduced its sales staff, Debenhams is now making 800 people redundant in other departments and more streamlining measures could be in the pipeline. The company may have made significant progress in reducing costs but, after several *false dawns,* it has still to prove that it can make an adequate return on net assets of well over £2 per share.

Debenhams plans to place more emphasis on holding gross margins in the second half, and there will be some benefit from two store openings, so profits for the full year could total £18m *or more before tax. On* a fully-taxed basis, and excluding the annual property windfall; that is just enough to cover the maintained dividend, which leaves the shares yielding 13 per cent.

Argyll/Linfood

Argyll Foods' bid for Linfood comes at a moment of vulnerability. Linfood has a turnover of more than £1bn, but swathes of its business have produced negligible profits for years. On top of that the previously healthy Gateway super*market operation has turned* sour in the latest financial year and there has been an upheaval in the boardroom. All this has spelt disenchantment for Guinness Peat—the majority shareholder in the early 1970s—which sold out its outstanding 20 per cent stake last month to Argyll Foods.

So it is no surprise that Argyll has followed up this purchase with a full bid yesterday, but the scale of the offer remains audacious none the less. *The bid for the outstand*ing 80 per cent of Linfood is worth approximately twice Argyll's own market capitalisation of £36m. And while it cannot fairly be dubbed miserly, the bid cannot be called generous either. The cash alternative values Linfood at £85½m—which is probably a sixth below the worth of the underlying net assets. The exit p/e is in the high teens, but the price is pitched only 12 per cent above the level before the initial deal with Guinness Peat was announced, although of course the market shakeout has intervened.

The exact shape of a merged group would depend on the take-up of shares or cash. But net debt may well be close to the *level of shareholders' funds,* while dilution for present Argyll shareholders would be considerable, with earnings per share down from about 7p to below 5p.

Argyll has a profit forecast but little in the way of a track record and it is too small for synergy arguments to be compelling. Linfood's days of independence may be numbered, but the buy-out price may have to be higher than this.

Warren Plantations

The reason why the share price of *Warren Plantations has* been edging above the bid price from McLeod Russel became clear yesterday when the GT fund management group announced that it had bought more than 12 per cent of Warren through the market at prices up to 260p. It seems that GT originally had 2 or 3 per cent of Warren in its portfolios, and was so incensed at the cheap price at which McLeod has succeeded in winning control that it went out and raised its stake to more than the 10 per cent level above which it cannot be "Section 209-ed," that is, bought out compulsorily.

So GT has declared its intention to stay in for the long term as a minority shareholder. This can be a dangerous position to be in if the dominant shareholders indulge in, for instance, asest stripping. But GT reckons that with three knights of the realm on the McLeod board, such goings on would be out of the question. Sir Galahad lives.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.
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